

The Chinese Challenge to the Western Order

edited by
Antonio Fiori
Matteo Dian

FBK | P R E S S
FONDAZIONE
BRUNO KESSLER



Fondazione Bruno Kessler

To find out more
about the Fondazione Bruno Kessler,
please visit our web site at: www.fbk.eu

The Chinese Challenge to the Western Order

edited by
ANTONIO FIORI
MATTEO DIAN

Fondazione Bruno Kessler
www.fbk.eu

Design, composition, and editing:
FBK - Editoria

The CHINESE

challenge to the western order / edited by Antonio Fiori, Matteo Dian. - Trento :
FBK Press, 2014. - 174 p. : ill. ; 24 cm

Nell'occh.: Fondazione Bruno Kessler. - Bibliogr.: p. 153-171

ISBN 978-88-98989-06-5

1. Cina - Politica economica - Sec.XXI 2. Cina - Politica militare - Sec.XXI 3. Cina e Paesi
occidentali - Relazioni economiche e commerciali - Sec.XXI I. Fiori, Antonio II. Dian, Matteo

327.510 182 1 (DDC 22.ed)

Cataloging in Publication record: FBK - Biblioteca

ISBN 978-88-98989-06-5

e-ISBN 978-88-98989-07-2

Copyright © 2014 by Fondazione Bruno Kessler, Trento. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system—except as otherwise provided under Italian copyright law (for more information, see <http://books.fbk.eu/fbkpress/clienti/photocopies>).

Table of Contents

Preface, by <i>Rudi Bogni</i>	7
Introduction: The China Challenge. Opportunity or Threat?, by <i>Antonio Fiori</i> and <i>Matteo Dian</i>	11
I. CHINESE IDEAS ON THE WORLD ORDER	
Exploring the Link between Traditions and Ideas in Chinese Foreign Policy. The Case of Responsible Protec- tion, by <i>Silvia Menegazzi</i>	25
The People's Republic of China's Ideological Challenge to the Liberal Order, by <i>Barbara Onnis</i>	41
Friend or Foe? Chinese Strategic Thinking and the Trans- formation of the People's Liberation Army, by <i>Giampiero Giacomello</i> and <i>Matteo Dian</i>	55
A Thirsty Dragon. China's Oil Diplomacy, by <i>Antonio Fiori</i>	73
II. REACTIONS TO THE CHINESE RISE	
Where Giants Meet: The Sino-American Soft-Competition in Southeast Asia. The Cases of Vietnam and Myanmar, by <i>Andrea Passeri</i> and <i>Antonio Fiori</i>	105
Beijing and Beyond: Whither Russia's Response to China and Asia's Rise?, by <i>Ekaterina Koldunova</i>	123
The Obama Administration and the Chinese Challenge: The Pivot and the Trans-Pacific Partnership, by <i>Matteo Dian</i>	139
References	153
Notes on Contributors and Editors	173

Preface

Rudi Bogni

My perspective on China is that of an investor, trained as an economist. For me and for many others, investing in China has been like shooting at a moving target.

I have no reason to believe that it might be easier for those who observe China from the social, political, and economic perspectives and the impact it has on the rest of the world.

The Chinese Challenge to the Western Order is a most helpful academic contribution to identify the forces behind that target.

My personal exchanges with Chinese officials in the world of finance have been open and constructive and I found them—on the whole—prudent, realistic, and very well informed. At the same time, one of my former colleagues has run into problems for publishing an economic research document, which contained only publicly available information, deemed nevertheless too sensitive for worldwide dissemination. This happened a few years ago, but it could still happen today, if the circumstances warranted it.

I was hesitant and prudent in judging investments in China and very skeptical about fashionable investment theses, but I was not disappointed.

I have had the chance to meet some young Chinese academics and they are very outspoken about politics in their country. I met youngsters who were personally affected by the one-child policy and by the restrictions on internal migration. One of my friends could only recently legalize the presence of his ageing parents in his own city flat.

On an occasional visit with the delegation of the Head of State of a small European country, we were entertained in true imperial style by the Mayor of Shanghai, driven there in a convoy of black Mercedes 1000, a luxury never experienced in the West. Along the way, police officers in sharp suits and dark glasses jumped out of the motorcade to discipline rush hour drivers into giving way.

At Fudan University I had a glimpse of the herculean task of educating the youth of China. The students were as polite as ambassadors and extremely well briefed, but their questions were not what you would have expected in a Western university, or even in a Japanese one.

Despite all the difficulties and inherent contradictions, China is well worth the prize, the prize of understanding it and learning how to deal with it. China will play a major role in shaping our own future.

At a meeting of the Trilateral Commission in Tokyo, I asked Henry Kissinger what was the most pressing objective for the Commission. He responded that it was “to bring China under the tent” as it was done with Japan in the 70s and in the 80s. Indeed, Chinese attendees were most attentive and articulate.

Of the ten highest global risks monitored by Oxford Analytica, a strategic consultancy, whose International Advisory Board I chaired for many years, the first is a sharp slowdown in China’s economy and the eighth is a naval conflict with China. In five of the remaining eight, China plays a major international political role.

At a symposium of Nobel Prize laureates in Lindau, I asked a Chinese professor on his first visit to Europe about his impression. He responded: “the blue sky”. He had not seen such a bright sky since he was a child. China desperately needs clean energy. How that will influence Sino-Russian relations is being played out as this book is going to print.

Equally pivotal is the issue of cyber-security. The sharp border between politics and economics, at least in espionage issues may be doctrine to the West, but it is obviously not so to China. Will the border move? In which direction? What will be the consequences?

With a dismal Gini coefficient, China also urgently needs a welfare system, a safety net. China may just be able to afford it. India may not. Two neighbors living in different social centuries and both armed with nuclear weapons may be a factor of instability that we are not prepared for.

There are many more lingering issues that might come to surface in unexpected ways and at totally inconvenient times. More bridges must be built in order to avoid escalation.

We need to know more about China and the Chinese need to know more about us. This volume is an excellent step in that direction, but we must move further, we need to multiply academic contacts. Re-

member how crucial the relationships between Soviet and US academics were in carrying us safely across the brink of the Cold war!

9

“Prospect Magazine” published an article a few years ago identifying how many of the Tiananmen Square protest students had worked their way into the Chinese establishment, similarly to how 1968 protesters became paid-up members of the European political, media, and economic establishment a few years later.

People change and sometimes they change institutions and policies from the inside, but not always on the trajectory they seemed to be engaged on.

We must be aware of this. It means that China watch must be real-time. It also means that academics who study the field should be encouraged to pursue it with full vigor and attention and given every chance to expand their contacts in China and with the very important Chinese diaspora.

Introduction:

The China Challenge. Opportunity or Threat?

Antonio Fiori and Matteo Dian

“Let her sleep, for when she wakes she will shake the world”

Napoleon Bonaparte

“China does not see itself as a rising, but as a returning power.
It does not view the prospect of a strong China
as an unnatural challenge to the world order
but rather as a return to a normal state of affairs”

Henry Kissinger

China is one of the cradles of the human race. Beyond being one of the world's oldest civilizations, before the 15th century, China was one of the most powerful countries in the world, occupying a leading position in the development of productivity and technology. In several fields, as witnessed by Marco Polo toward the end of the 13th century, China long anticipated Europe: in textiles, where the Chinese had a power-driven spinning machine some 500 years before the England of the Industrial Revolution knew water frames and mules; or in iron manufacture, where the Chinese learned early to use coal and probably coke in blast furnaces already by the later 11th century. And then, still, a developed agriculture and irrigation system, an independent tradition of medicine and advanced botanical knowledge, advanced metallurgic skills, astronomical studies that brought the Chinese to be the first to take note of such astronomical phenomena as comets, sunspots, and new stars. Inventions like the compass, gunpowder, movable type printing, papermaking, the wheelbarrow, the stirrup, the rigid horse collar, and many others, which represented a clear advancement and acceleration for the same development of world history. In the field of thought, Confucius and the Taoists founded philosophical schools which are not significant merely for China, but at least for the whole of East and Southeast Asia. Sun Zi's warfare strategies are still retained valid and are studied worldwide. Therefore, it is obvious that Marco Polo, just to cite again the Italian traveler who came from Venice, one of the

most advanced commercial cities in the Old Continent, clearly revealed that Asian culture and economy—and Chinese culture and economy in particular—was unlike anything that Europe had ever seen. He was amazed by how much more advanced the East was than Europe. In sum, China was way ahead of the West in almost every discipline of science and technology, from chart making to gunpowder, in early times and into the Middle Ages.

Today, the rise of China, or eventually its “re-emergence”, as deemed more appropriate by other scholars (Nye 1997), is dependent upon its unprecedented economic growth. This is part of a long process that goes back to the end of the 1970s when, after the end of the Maoist era, and his numerous attempts to industrialize the country, Deng Xiaoping launched a series of reforms aimed at modernization: at that time, China was one of the poorest countries in the world. The real per capita GDP in China was only one-fortieth of the US level and one-tenth the Brazilian level. Economic reforms, combined with opening policies, have allowed China to keep high growth rates for three decades (Vogel 2011). Since 1978, in fact, China’s real per capita GDP has grown at an average rate exceeding 8% per year. The economic growth has fuelled the increasing political weight and strategic relevance of the country, making it a pivotal actor in world affairs.

Despite its economic growth, however, China must confront a series of domestic challenges, which could undermine its stability and economic development. The first is of course represented by the Party itself. If, on one side, the Chinese Communist Party (CCP) has maintained stability within the nation, on the other it has largely undermined any possibility of transition to a more open, competitive and inclusive political system, as well as any possibility of more developed political participation by the population. The second issue, directly linked to the first, is represented by the imbalance between this impressive economic growth and social conditions of the population, which in large parts of the country remain largely underdeveloped. Once the land of egalitarianism, in modern times China has become one of the most unequal among the developing countries: its Gini coefficient, for example, was equal to 0.473 in 2013, according to the most recent report of the National Bureau of Statistics (NBS). This problem also refers to the imbalanced development between inland and coastal regions, the latter having profited of the beneficial conditions created by the openings and the development of relations with external actors at the end of the 1970s (Naughton 2007; Bandt and Rawski 2008). The third big issue is

the shortage of natural resources, which affects China dramatically. The general improved conditions need to be sustained, and this implies a strong effort by the Chinese leadership to secure profitable resources with other actors in the world. This process is of course restructuring China's foreign policy, pushing the country to extend its relations with "new frontiers" that were in the past firmly in the hands of Western powers (Nathan and Scobell 2012; Shambaugh 2013).

Political scientists, International Relations (IR) theorists, historians and analysts originated a wide debate on the possible long-term effect of the rise of China. Are we witnessing a hegemonic transition between the United States and China? Will the Chinese ascent reinforce, change, or subvert the present international order? Without any doubts, the return of China to great power status has been a contributing factor in redesigning the geography of global economic, political and even military power, promoting a "power shift" towards the East (Shambaugh 2005).

The Chinese government and the Chinese Communist Party clearly expressed their vision of the possible consequences of their country's ascent. As Zheng Bijian wrote in "Foreign Affairs" back in 2005, China wants to present itself as concentrated on economic development and on getting its population progressively out of poverty. In order to do so, the Chinese government theorized the concepts of "peaceful rise" (*heping jueqi*) and "peaceful development" (*heping fazhan*). In the words of the same Zheng Bijian:

"Emerging powers in modern history have plundered other countries' resources through invasion, colonization, expansion or even large scale wars of aggression. China's emergence thus far has been driven by capital, technology and resources acquired through peaceful means" (Zheng 2005).

On the contrary, China is pictured as a country that embraced globalization and aims at developing within the current international context, by joining international institutions and strengthening its economic, financial, and political ties with the rest of the world (Glaser and Medeiros 2007). Another major Chinese scholar, Wang Jisi, pointed out that:

"In world affairs, China does not seek hegemony and predominance. It advocates a new international political and economic order through reforming and democratizing international relations. China is turning its back on old practices characterized by the model that emerging powers broke up existing international systems through war and sought hegemony through bloc confrontation" (Wang 2011).

The concept of peaceful rise aims at stressing the difference between the Chinese ascent, which is described as peaceful, non-aggressive, and destined to create stability and prosperity for China and its neighbors, and the behavior of past rising powers such as Wilhelmine Germany, and above all imperial Japan. Beijing's ascent is pictured more as an opportunity, in terms of trade, development, and economic growth rather than a threat to other countries' security.

More recently, the new leadership guided by Xi Jinping promoted the adoption of two new concepts regarding Beijing's long-term development and the Chinese role in the world. The first one is the China Dream (*Zhongguo meng*). To fulfill this dream the country must reach the level of a "moderately well off society" by 2020 and "complete modernization" by 2049, the 100th anniversary of the foundation of the People's Republic. The China Dream is based on four main aspects: China must be strong (politically, economically, and technologically), but also civilized (fair and moral), harmonious, and beautiful (healthy and less polluted).

Once again, the Chinese leadership argues that the People's Republic should concentrate more on improving its citizens' conditions and consolidating the process of modernization rather than on turning its increasing economic resources into instruments aimed at coercion and conquest. Therefore, to fulfill the China Dream Beijing needs to make its rise acceptable to other neighbors as well as to the "hegemon" of the system, the United States. In order to do so, the Chinese leadership introduced another fundamental concept, the "new type of relationship between great powers" (*xinxing daguo guanxi*). Xi Jinping, then vice-President, introduced this concept during his visit to Washington in February 2012. This new type of relationship should be defined by mutual understanding, strategic trust, respect for other's core interests, and a high degree of cooperation on international affairs and global issues (Lampton 2013).

All these concepts assume that the Chinese rise will not disrupt the present international order and will make the world a safer and more prosperous place. Beijing will behave as a "responsible stakeholder", willing to reinforce the present order rather than attempting to overthrow it. The debate on the challenges posed by the rise of China, fueled by the above-mentioned statements of the country's leadership, initiated an immense debate among scholars. Many analysts and scholars outside China showed themselves to be quite skeptical about the official Chinese party line. Competing theoretical approaches to IR

described different scenarios related to the impact of the Chinese rise on the contemporary international order.

15

Some realist scholars in particular offered a rather bleak picture of the Chinese ascendancy. Power transition theory and offensive realism assume, in fact, that the Chinese rise will necessarily bring instability and conflict in the longer term. As Aaron Friedberg famously stated in 1993, East Asia would be “ripe for rivalry” (Friedberg 1993). States attach a fundamental value to their security and to relative advantages. Today’s China can be considered a potential regional hegemon that will, voluntarily or not, threaten its neighbors’ security and destabilize the present international order. Consequently the Chinese rise will necessarily not be peaceful (Labs 1997; Elman 2004; Mearsheimer 2001, 2006). As John Mearsheimer (2001, p. 402) affirmed: “A wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony”. For this reason Mearsheimer, probably underestimating the interconnected nature of today’s economies, suggests that China should not be engaged by the US in a way that would facilitate Beijing’s rapid development, but, on the contrary, should attempt to slow China’s economic growth. Realists assume that Beijing will aim at creating its own sphere of influence in East Asia, eroding America’s capacity to protect its Asian allies. This would lead to conflict both with the United States and its Asian allies such as Japan and Korea.

These studies see in recent Chinese behavior the beginning of a quest for regional or even global primacy. Offensive realists, for instance, interpreted the 2010 declaration on the South China Sea as a “Monroe doctrine with Chinese characteristics”. As a potential regional hegemon, China strives to expel other countries from its continent and to establish military hegemony over it. According to them, this attempt is not dictated by the nature of the Chinese state, but by systemic incentives. Other realists, however, have more nuanced visions of the China “challenge”. Zbigniew Brzezinski, for example, suggests that China is not inclined to challenge the US militarily, since “its focus remains on economic development and winning acceptance as a great power” (Brzezinski 2005). This idea is reinforced by former Secretary of State Henry Kissinger, certainly an expert on the issue, who believes that the only challenge we should pay attention to regards the role—political and economic—that China is seeking in the international system; according to Kissinger, China is doing tremendously well in the economic realm, and given that it is surrounded by major actors, the country would not opt to “exhaust itself in a military rivalry” with the United States (Kissinger 2006).

Similarly, power transition theory foresees increasing levels of conflict between a rising China and the current hegemon, the United States and its allies. The rising power, approaching parity in economic and military terms, will increasingly be dissatisfied with the status quo. As a consequence, it would be increasingly keen to use coercion and even military force to reshape the rules of the order in its favor (Organski and Kugler 1980; Gilpin 1981; Modelski 1987; Kugler and Lemke 1996). Offensive realist and power transition theorists see in the proliferation of territorial disputes a clear sign of Beijing's dissatisfaction towards the status quo (Chan 2010; Rapkin and Thompson 2006; Tammen and Kugler 2006; Goldstein 2007; Fravel 2008).

On the other side, however, as evidenced by Avery Goldstein (2007), persuasive theoretical alternatives may be found to offensive realism, which seems to offer only limited insights on China's rise: from this point of view, liberal and institutionalist theory interprets China's rise as an opportunity for building cooperation, rather than intensifying conflict.

Liberal scholars are much more optimistic on the consequences of the Chinese rise focusing on different causal factors that might contribute to make the Chinese rise pacific. A first group of scholars highlighted how the process of economic reform generated a very high level of interdependence between China and the rest of the world, the United States and the European Union in particular. China became the industrial powerhouse of the 21st century. Politically, a more powerful China can and will turn into a "responsible stakeholder" of a new and more plural global order. As a consequence, neither the United States nor any other major power in the contemporary system would be interested in containing the Chinese rise or to start a conflict with it (Copeland 2000; Moore and Yang 2001; Scobell 2001; Kang 2007; Ikenberry 2008; Johnston 2008; Kirshner 2008; Zhu 2008). Other analyses highlighted how the high and increasing level of interdependence between China and the West make conflict highly unlikely. China and the United States in particular would find themselves in a situation of "financial mutually assured destruction" (Roubini 2005).

Other scholars emphasize how integration in all the main international institutions and the subsequent degree of socialization to their norms is another cause for optimism for the future Chinese behavior and for the stability of the international order. As Alastair Ian Johnston (2008) reminds us, since the beginning of the process of reforms and opening China has been very active in institutionalizing its foreign rela-

tions by taking part in more international agreements and multilateral forums compared to other great powers.

17

Constructivist and critical theorists also rejected the realist understanding of the Chinese rise and in particular the idea that it will necessarily lead to instability and conflict. Several constructivists described the Chinese rise as a return to the position of centrality and preeminence in East Asia (Kang 2007; Zhang 2001; Zhang 2009; Rozman 2012). Authors such as David Kang and William Callahan in fact discussed the reemergence of what John K. Fairbank called the “Sino-centric system”, which characterized international relations in East Asia from the 11th to the 19th century (Fairbank 1968). This system was based on a hierarchy in which the Chinese emperor was considered the only legitimate ruler of the entire world. Other kings derived their authority from the Chinese emperor and recognized his superiority, offering him a tribute. China was deemed the center of the world and inhabitants of other countries were regarded as barbarians. The same term *Zhongguo* (Middle Kingdom)—with all probability determined well before the unification of Qin dynasty (221-206 b.C.) and evident in the pre-Qin texts—recalls the centrality of China and the recognition of its hierarchically superior position in the Asian political order. The term *Zhongguo* in the traditional Chinese classics manifested three principal meanings: geographic, political, and cultural. Geographically, China lay at the center of the world; politically, China was the area under immediate imperial jurisdiction; culturally, it was the expression of the highest civilization, as counterpoised to external populations, the “barbarians”. In front of this special historical backdrop, the typically Chinese political solipsism, Sinocentrism, and Sinocentric world order took shape (Loewe 1999; Fairbank 1968; Yang 1968).

Therefore, the emergence of China as a great power has been accommodated by other key states in the East Asian region, contributing to the stabilization of the region, by promoting economic growth and commercial integration. Beijing’s rise and the renewed Chinese centrality in the region are considered legitimate by other Asian states because of the historical legacy of the Sino-centric order that characterized the Asian region before Western colonization.

The present volume is divided into two parts. The first part aims at investigating the multi dimensional and inherently complex nature of the Chinese advancement. While IR scholarship—especially when

moving from structural realist premises—tends to focus primarily on security aspects, the first section of this edited volume analyzes how Chinese policy makers perceive new opportunities and constraints in the present international order and how they filter those perceptions through a set of ideas concerning China's evolving role and interests.

Silvia Menegazzi analyzes the role of ideas, political culture, and traditions in Chinese foreign policy from a constructivist-interpretative perspective. In the first two decades after the beginning of the era of reform and opening up, China's foreign policy was centered on the *Five Principles of Peaceful Coexistence* and primarily on the strict respect of the principle of non-interference. Recently, China departed from its traditional approach introducing the idea of responsible protection. This concept can be interpreted as a response to the Western norm of the "Responsibility to Protect". Responsible protection is considered a signal of China's will to react to the diffusion of the norm (and the practice) of humanitarian intervention established by Western powers and potentially capable of harming Beijing's interests. The chapter traces this evolution, presenting it as a product of the interaction between material incentives and foreign policy traditions and ideas.

Barbara Onnis explores the nature of China's ideological challenge to the West. The chapter suggests that the Chinese model might represent a potentially feasible alternative, not only in terms of economic development but also in terms of political governance for developing countries. Chinese "market authoritarianism" can appear attractive for governing elites of developing countries willing to embark on a process of modernization while maintaining their monopoly of political power. Moreover, the Chinese approach to foreign affairs is largely inspired by concepts such as "harmony in diversity" and non-interference in domestic affairs. Consequently, for developing countries cooperating or receiving aid from Beijing is less politically demanding than dealing with Western countries or "Western-led" international institutions such as the WTO or the IMF. Therefore, China, by protecting the "diversity" of political-economic systems and trying to make the institutions of the global governance ideologically "neutral", poses a serious challenge to the Western drive for ideological uniformity and calls the West's long-standing tradition of exporting liberal democracy and economic liberalism to the developing world into question.

Antonio Fiori examines China's oil diplomacy. One of the most striking consequences of the fast economic growth of the Dragon is

its appetite for energy. China has rapidly become the world's largest energy consumer, surpassing the United States in 2009. This soaring appetite has sparked growing concern amongst the leadership about the country's energy security, normally defined as the ability of a country to procure sufficient, affordable, and reliable energy supplies. The biggest problem, according to many, remains the reliance on energy imports and the external vulnerability that these imports imply. If coal remains the dominant energy source, oil represents a real challenge for the country: China, in fact, is dependent on the outside world for oil provision, and this situation is destined to worsen in the near future. Therefore, in this chapter, the author discusses China's oil diplomacy and the "diversification strategy" the Dragon has implemented in the last few years, establishing multiple relations with many different nations. This chapter also highlights the possibility that this strategy could bring China to become more assertive in its global search for oil.

Matteo Dian and Giampiero Giacomello analyze Chinese military modernization. The chapter stresses two main features of this process. On the one hand, the growing military budget allowed the People's Liberation Army (PLA) to expand and modernize its armed forces and to enlarge the strategic objectives the Chinese are supposed to achieve. The PLA ceased to be a poorly equipped "people's Army" and progressively turned itself into professional armed forces, supplied with state-of-the-art weapon systems. On the other, this organizational evolution allowed the PLA to pursue new military objectives. Up to the early 1990s the main aim of the Chinese armed force, beyond the protection of China's territorial integrity, was the capacity to prevail in the case of contingencies in the Taiwan Strait. Recently, the PLA has been developing so called Anti-Access/Area-Denial capabilities with the aim of negating any adversary, and principally the United States, the possibility to project power within the First Island Chain. The chapter highlights how this evolution of the Chinese military posture has been fundamentally influenced by Chinese strategic culture and classic military thought. Concepts such as the negation of space and denial of the access to battlefields derive from a long lasting tradition of Chinese military thinking starting with Sun Zi.

The second part of the book investigates how other global powers such as the United States and Russia, or relevant actors in the Asia-Pacific Region, such as the Association of Southeast Asian Nations' (ASEAN) members, reacted to Beijing's rise.

Matteo Dian evidences how the grand strategy of the Obama administration has been largely shaped by the need for the United States to shift the center of gravity of American foreign policy from the Middle East to the Asia-Pacific region and to deal with the challenge posed by a Chinese return to the status of great power. The “Pivot to Asia” represents a multidimensional response to Beijing’s rise. While analysts and scholars focused their attention primarily on the military and diplomatic aspects of the Pivot, the chapter stresses the centrality of the economic dimension, consisting mainly of the enlargement of the Trans Pacific Partnership (TPP). The chapter explains the strategic objectives underlying the expansion of the TPP agreement. Through this new agreement, the United States aim at re-launching its capacity to shape rules and norms of the economic integration in the Asia-Pacific region. While the United States lay at the margins of the process of economic regionalization in Asia during both the Clinton and Bush administration, the Obama administration aims at promoting a new form of integration including both sides of the Pacific and able to shape norms of rule of economic governance favoring Washington’s interests.

Ekaterina Koldunova analyzes the evolving relationship between Russia and China and describes how Moscow has perceived the changing role of China in Asia and globally. After the demise of the Soviet Union, the new Russia considered Asia and China as secondary aspects of its foreign policy, dominated at the time by a pro-West and “Atlantist” reform agenda. However, during this period Moscow managed to stabilize the bilateral relationship with China, resolving remaining border disputes and promoting economic cooperation especially in the area of the Russian Far East. Since the end of the 20th century and particularly after Evgenii Primakov become Minister of Foreign Affairs and then Prime Minister, he promoted a comprehensive rebalancing of Russia’s foreign policy, favoring the return of Asia at the center of the Russian foreign policy exchequer. Since then Russia and China moved towards a strategic partnership that led to the creation of the Shanghai Cooperation Organization (SCO). The chapter highlights that the Sino-Russian partnership is destined to become increasingly central, especially when Western countries openly criticize Moscow and Beijing on sensible issues considered inherently domestic such as human rights, minorities and borders.

Antonio Fiori and Andrea Passeri explore two relevant case studies of the rising Sino-American competition in Southeast Asia, focusing on the evolving patterns of interaction put in place by Myanmar and Vietnam

in their ties with Washington and Beijing. To this end, the first section traces the roots and rationale of China's regional offensive *vis-à-vis* the ASEAN and examines the drivers and outcomes of the China's "Good Neighborliness" policy. Then the analysis shifts to the impact of the American "Pivot" on the strategic calculus of Asia's secondary powers such as Myanmar and Vietnam, drawing upon two different paradigms of behavior: hedging and soft balancing.

A majority of the chapters in this volume are the product of two panels on "The Chinese Challenge to the Western Order", part of the conference organized by the Italian Standing Group of International Relations with the title "Regional Orders in the 21st Century", and held at the Fondazione Bruno Kessler in Trento between June 20 and 22, 2013.

The editors would like to thank all those who took part in the panels, in particular Simone Dossi, Silvia Menegazzi, Francesca Congiu, Barbara Onnis, and Andrea Passeri, and those who contributed valuable ideas and suggestions for the authors, in particular Ted Hopf and Pat Morgan. We thank also J. Tyson Chatagnier and Friederike Oursin for their work in improving the formal quality of the manuscript. We especially want to thank Filippo Andreatta, who suggested turning the conference papers into an edited volume and strongly encouraged our work. We also want to thank Emanuele Castelli, for helping us find the right solutions for improving this book.

This book was made possible by the support of FBK Press and the Fondazione Bruno Kessler.

I.

CHINESE IDEAS ON THE WORLD ORDER

Exploring the Link between Traditions and Ideas in Chinese Foreign Policy

The Case of Responsible Protection

Silvia Menegazzi

“In no other country is it conceivable that a modern leader would initiate a major national undertaking by invoking strategic principles from a millennium-old event—nor that he could confidently expect his colleagues to understand the significance of his allusions”¹.

1. Introduction

In recent years a great deal of attention has been paid to the analysis of Chinese foreign policy and how its future direction will affect the destiny of other nations. In the East Asian context, the People’s Republic of China (PRC) is already an important regional player. Its security strategy has had a significant impact on many Asian countries in terms of diplomacy, military and economic issues, and the strengthening of multilateral ties with ASEAN countries, but also with China’s closest neighbors, Japan and South Korea. In this light, political debates related to predictions of China’s future influence have shifted westwards towards other regions, particularly the Middle East. Not surprisingly, while in the past China had largely remained a bystander in this area, with the growth of its global power, the PRC seems keen to seek its “Western pivot” or, as it was recently articulated by Wang Jisi, a prominent scholar on Chinese foreign policy, its “Marching West strategy”-*Xijin*². Moreover,

¹ Henry Kissinger, talking about how Mao Zedong made decisions in the border war with India in 1962 (Kissinger 2012, p. 12).

² Recently, increasing attention has been directed towards the theory of a possible “Western pivot” or *Marching West Strategy*, an idea advanced by Wang Jisi, President of the

with the declining influence of the American presence in the region, and particularly with the recent conflict in Syria, many wonder what the future level of China's engagement will be in such areas, both in the short and long terms.

Starting from this scenario, we might ask whether it is useful to more thoroughly investigate the ideas that drive Chinese foreign policy and how they shape the international conduct of the PRC. One of the primary concerns in the analysis of Chinese foreign policy outside East Asia addresses the question of how to efficiently "interpret" its international behavior. In this light, the majority of academic debates point at the "rhetoric of interests" as a principal explanation for it. Despite the fact that Chinese leadership has frequently stressed the intention not to behave as a substitute for Western countries, *realpolitik* concerns, particularly those related to China's energy needs, in combination with Beijing's demand to boost economic growth, must be taken into consideration.

According to official descriptions, China's foreign policy is characterized by an "independent foreign policy of peace", where common development based on "win-win" situations is promoted worldwide³. The central point, therefore, is not only how to investigate the impact of the PRC's foreign policy and its Chinese characteristics, but also to understand how they represent one of the greatest challenges to the liberal order of the Western world.

The principal objective of this chapter is therefore to promote an understanding of the concept of identity in the explanation of Chinese foreign policy.

The analytic approach illustrated in this study is in contrast to dominant foreign policy analysis (FPA) "where a concern with the con-

Centre for International and Strategic Studies at Peking University. According to Western media, "the proposal has already passed the initial stage of academic research, and the front-runners of Beijing's foreign policy apparatus have been mobilized to study feasibility, implementation and potential reactions". The main idea of the Marching West strategy is that China should have a clear foreign policy outside East Asia, such as Central Asia and the Middle East. Moreover, the idea has also ignited the internal debate among Chinese foreign policy elite, who started to organize symposiums and open discussions around this theme (Zhan 2013).

³ The fundamental goals of China's Independent Foreign Policy of Peace are: to preserve China's independence, sovereignty and territorial integrity, to create a favorable international environment for the opening of China, modernization in construction, and to maintain world peace and propel common development. Ministry of Foreign Affairs of the People's Republic of China, *China's Independent Foreign Policy of Peace*, <http://www.fmprc.gov.cn/eng/wjdt/wjzc/t24881.htm> (accessed June 12, 2013).

stitution of identity and subjectivity is notably lacking” (Browning 2008, p. 10). Indeed, the focus on power politics, although important, pays little attention to the role that culture, identity and norms play in international politics. The Constructivist paradigm, in this sense, represents a reconfiguration within American international relations discourse which undermined the explanatory pretensions of both the neo-realist and neo-liberal schools of thought (Reus-Smith 2009). In this sense, we should note that “norms and normative issues have been central to the study of politics for at least two millennia” (Finnemore and Sikkink 1998, p. 889). It was only by following the behavioral revolution that ideational phenomena were pushed aside. During the 1970s and 1980s, economic methods and rational choice were considered to be the best approaches to explain the behavior of states in international politics. With the “return” to norms in the 1990s, contemporary political scientists have tended to stress the role ideas and culture play in international politics, thus challenging rationalist assumptions in the sense that “shared ideas, expectations, and beliefs about appropriate behavior are what give the world structure, order, and stability”⁴. Secondly, this chapter highlights how the evolving patterns of the PRC’s foreign policy cannot be adequately traced and analyzed without considering the influence of Chinese “political culture”, as strongly emphasized by China’s total adherence to the *Five Principles of Peaceful Co-existence*⁵. Indeed, according to the Chinese perspective, we must include total respect for the principle of sovereignty and non-interference in the internal affairs of other countries amongst the key political aspects for a new international order. In particular, “each country is entitled, in accordance with its historical and cultural tradition and actual situation, to choose its own social system, ideology and road of development and formulate its own constitution and law” (Zheng 2011, p. 26). While “core interests” play a substantial role in China’s foreign policy, it is also true that in order to obtain a

⁴ The importance of a “norm language” distinguished between norms and institutions. In this sense, “the norm definition isolates single standards of behavior, whereas institutions emphasize the way in which behavioral rules are structured together and interrelate (a “collection of practices and rules”) (Finnemore and Sikkink 1998, p. 891).

⁵ The *Five Principles of Peaceful Coexistence* are: 1) mutual respect for each other’s territorial integrity and sovereignty; 2) mutual non-aggression; 3) mutual non-interference in each other’s internal affairs; 4) equality and mutual benefit; 5) peaceful co-existence. According to the Chinese Ministry of Foreign Affairs, the *Five Principles of Peaceful Co-existence* have become “the basic norms in developing state to state relations transcending social systems and ideologies”. Ministry of Foreign Affairs of the People’s Republic of China, *China’s Initiation of the Five Principles of Peaceful Co-existence*, available at: <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18053.htm> (accessed June 13, 2013).

comprehensive picture of China's international conduct, such aspects must be further contextualized in unison with Chinese political identity⁶. This chapter therefore aims to illustrate that such core interests can "only" be justified by analyzing the PRC's ancient traditions, in other words, Chinese worldviews.

This chapter will explore the link between traditions, ideas and Chinese foreign policy. In doing so, it will adopt what has recently been defined as an "interpretative approach" within the field of foreign policy. The approach particularly "concentrates on the beliefs of various policy actors, the meanings of their actions and, crucially, explains their beliefs by locating them in historical traditions and as responses to dilemmas" (Bevir, Daddow, and Hall 2012, p. 1). The utility in the application of such a framework to the analysis of Chinese foreign policy is further underlined by the recognition it gives to the uniqueness of Chinese traditions and dilemmas. While it may appear very difficult to frame China's core interests when considering them separately from the country's political culture as "Chinese political thoughts, values and modes of sociopolitical behavior where ideas always guided political actors in China from the Qin dynasty (221-207 BCE) to the Qing (1644-1911)" (Pines 2012, p. 1), the dilemma of China's growing role in world affairs must not be neglected. Hence, the utility of applying such a framework to the analysis of Chinese foreign policy is clear⁷. Moreover, from this perspective the crucial role played by Chinese political elites emerges as a result of the strong humanist and historicist explanations embedded within the interpretative-constructivist approach of foreign policy.

The second section of this chapter introduces the role that ideas play in Chinese foreign policy, contextualizing the debate within IR literature, while the third section identifies the importance of an adequate theoretical framework that recalls traditional Chinese norms. The fourth section, instead, investigates China's stance towards the idea of Responsible Protection, the most recent alternative to the global norm of Responsibility to Protect as proposed by China and interpreted by many as China's willingness to stand up to Western norms. The Chinese alternative in this case demonstrates what has been perceived as the

⁶ Core interests are defined as: 1) preserving China's state system and national security, national sovereignty and territorial integrity; the continued stable development of China's economy and society (Swaine 2011, p. 3).

⁷ "A tradition captures the historical inheritance against the background of which individuals act. A dilemma captures the way people are able of modifying this inheritance to incorporate novel experiences or ideas" (Bevir, Daddow, and Hall 2012, p. 5).

country's recent departure from its traditional approach to sovereignty, a departure that has been influenced both by China's inherited political traditions and the sharing of ideas that occurs amongst the Chinese foreign policy elite⁸.

2. Identity, ideas, and Chinese foreign policy

Central to the role of identity in Chinese foreign policy is a concern strictly related to interpretative and constructivist arguments, that is, the necessity to highlight the role that ideas, norms, and culture play in shaping the international behavior of states. This perspective however, often entails the question of whether "we should continue with a domination by the Western discourses in IR in particular and in the social science more generally", believing instead, that "*Chinese ideas, Chinese cultures and Chinese narratives can make contributions to the knowledge edifice of IR and social sciences*" (Qin 2011a).

This notion explains why in 1993 Judith Goldstein and Robert O. Keohane recognized the limits of ideational perspectives when only applied to Western frameworks. Given the fact that ideas are often "the important determinants of government policy", the authors defined ideas as belonging to three main categories, *worldviews*, *principled beliefs* and *causal beliefs* (Goldstein and Keohane 1993, p. 3). While genuinely recognizing the equal importance of these three concepts, no space was left for a Chinese world view as all subjects discussed in their analyses were essentially related to the Western view of the world order, therefore "saying relatively little about the impact of broad world views on politics"⁹. However, China's emergence, or re-emergence, on the world stage increased attention from scholars and political analysts, who began to thoroughly investigate the consequences of a rising China on the world order. Notwithstanding, IR theorists principally concerned with the state-power relationship have begun to approach the debate of China's rise within the "status quo versus revisionist state" dichotomy, preferring a rationalist materialist foreign policy analysis (FPA) rather than identity-speaking frameworks¹⁰. Despite the fact that Marxism,

⁸ The term refers "to a group of scholars affiliated with a short list of prominent sponsored research institutes, think tanks, and universities within China that are involved with analyzing China's foreign relations and broader issues of international politics" (Carlson 2011, p. 91).

⁹ *Ibid.*, p. 9.

¹⁰ See for instance, Johnson 2003. For a further analysis on non-traditional approaches to FPA also see Browning 2008.

liberalism, and realism still represent the mainstream approaches taken in Chinese academic circles, investigations underpinning the awareness of cultural factors in China's foreign relations have grown in the last decade. The Chinese context possesses a body of powerful historical narratives such as the *Century of Humiliation*, the *Middle Kingdom Status* or the *Confucian Philosophical Legacy*, that the Chinese themselves used for a long time in order to frame China's image in the world and in a way that it cannot be overlooked (Hess 2010). Accordingly, it is impossible to understand the Chinese conception of sovereignty without first contextualizing it in what has been known as the "Century of National Humiliation", when China was considered the *Sick Man of East Asia*. In this light, to understand the direction of Chinese politics, we should first take into consideration its identity, which is based on what has been defined as a "structure of feelings", an optimistic view that promotes a peaceful international environment as well as a negative one, which is instead driven by an inferiority complex that developed after the Western intrusions of the two Opium Wars, in 1839-1842 and 1856-1860 respectively (Callahan 2010).

Similarly, in order to explain the link between human nature and state behavior, which also entails highlighting the role played by individuals, ideas about culture do indeed matter. In particular, four typical elements of the Chinese culture—contextually, correlativity, complementarity, and changeability—are reflected in the daily lives of the Chinese people and their mentality, and thus, constantly influence Chinese behavior and foreign policy-making¹¹. Clearly, rationalist explanations may still be appropriate, some suggesting that China's contemporary regional strategy in East Asia is not only the result of China's ancient assertiveness, but simply part of its grand global strategy (Saunders 2008). From such a perspective, however, core interests alone, rather than cultural assumptions, account for the principal understanding of Chinese behavior in terms of foreign policy. However, when enlarging analyses of Chinese foreign policy outside East Asia, we see how the PRC's traditional understanding of world order and its contemporary behavior towards international norms differs from the Western approach, i.e. ideas and norms related to humanitarian interventions or sovereignty, often

¹¹ The four "C"s: as defined by Qin, are strictly related to the Chinese philosophical context: "Contextuality" reflects a way of thinking holistically about the world. "Correlativity" means that everything is related to everything else, and nothing is isolated. "Complementarity" is related to Chinese dialectics which is complementary instead of conflictual. "Changeability" concerns the fact that the Chinese believe that everything in the world is subject to ongoing and never-ending changes. See Qin Yaqing (2011a), p. 46.

challenge Western norms, and thus, highlight the inevitability to include fewer rationalist theoretical concerns when assembling such a puzzle.

31

Within IR literature, studies dealing with the link between Chinese culture and its foreign policy are not new¹². While exhaustive in terms of causal explanations, such approaches have not successfully grasped the link between ideas, norms, and political discourses, and especially their relation that is intertwined with historical tradition. Once again, interpretative analysis reinforces explanations, accounting for a perspective that “often runs parallel to the constructivist and poststructuralist approaches”, but that is “avowedly humanist and historicist, emphasizing agency rather than structure”, where people “are not autonomous, so their agency is always situated against an inherited tradition” (Bevir, Daddow, and Hall 2012, p. 5). In this sense, the intent is to pinpoint the role individuals play in the process of foreign policy-making, and to contextualize them within a specific historical tradition, which demonstrates the utility of including ideational perspectives in the analysis of Chinese foreign policy. Historical narratives can, in this sense, provide an important explanation—together with core interests—demonstrating why certain ideas and norms are strongly supported not only by the Chinese Communist Party but also more generally, by the Chinese political elite.

3. Traditions, historical narratives, and Chinese foreign policy

Moving beyond ideational processes within Chinese politics, the question is thus related to whether traditional conceptions of the Chinese world order can be of any relevance in understanding the foreign relations of contemporary China. According to Wan, Chinese traditions in international relations can be relevant for “both practical and theoretical reasons”, on the one hand, having a great impact on understanding how China thinks about foreign affairs and diplomatic conduct, and on the other hand, overcoming the Eurocentric perspective as theorized by the majority of IR scholars (Wan 2012, p. 105).

In this light, this section will introduce the theoretical debate dealing with Chinese traditional norms, considered essential in order to understand China’s ancient normative social order. Two historical narratives have received specific attention by scholars to explain China’s

¹² Also see Dittmer (1977) and (1997).

worldviews: the tributary system (*chaogong*) and *Tianxia*¹³. The tributary system is one of the most widely debated frameworks adopted by political scientists to explain how an understanding of the Chinese conception of world order is necessary to comprehend the contemporary international relations outlook of the PRC (Fairbank 1973; Hunt 1996). According to the traditional scholarship on this topic, known as the Fairbankian School, the Chinese tributary system was an “institution” China enforced on surrounding states that passively accepted it. Fairbank’s understanding of the tributary system as an institution therefore gains normative distinction. The validity of the tributary system has been recognized internationally, setting the standard for “proper” behavior between old China and its surrounding states¹⁴. More specifically, the Fairbankian model was built on the notion of Sino-centrism¹⁵. It viewed the ancient East Asian order as being unified by the Son of Heaven where the hierarchy of relations was predicated by Chinese superiority and suzerainty *vis-à-vis* the inferiority and submission of foreign states. In short, Fairbanks’ point of view remained strictly Western in its attempt to institutionalize East Asian inter-state relations in a Western conception of hierarchy.

Chinese scholars alternatively are not used to discussing the normative dimension of *chaogong*, while in relation to the tributary system they tended to be more pragmatic, conceiving the concept as a “historical narrative”, a clear willingness to contextualize it in terms of contemporary Chinese policy-making. It therefore seems that the Fairbankian model highlighted only a bilateral perspective (between China and the peripheral state X) without instead taking into account the multilateral opportunities China was already engaged in, due to its advantaged—though not hegemonic—position of power (Zhou 2011). Moreover, conceptualizations including those inherent to Sino-centrism deny the multiple mechanisms of ancient inter-state relations, therefore furthering misunderstandings of how strategic interactions between China and its boarder states were managed in ancient times. Although the tributary system as a “world model” was applied exclusively in reference to

¹³ Finnemore and Sikkink distinguished between “norm” (a single standard of behavior) and “institution” (a collection of practices and rules). In addressing the normative underpinnings of Chinese traditional conception of world order, I will follow the general definition of norm as “a standard of appropriate behavior for actors with a given identity” (Katzenstein 1996) and therefore, the term will be used interchangeably with the term “institution”.

¹⁴ For a discussion on “prescriptive norms” see Finnemore and Sikkink (1998), p. 891.

¹⁵ For the notion of Chinese centrality and superiority see Fairbank (1973).

China's regional institutional configuration with respect to its neighbors, it shows how, rather than a trade-off, the equilibrium between China and its neighbor countries, should be seen as a "path-dependence outcome" (Zhou 2011, p. 177), and thus be driven by peaceful concerns. Simply put, the tributary system should be considered as a set of institutions and norms regulating diplomatic and political conduct amongst countries, but where China has exercised little authority and where relations "did not involve much loss of independence" (Kang 2012, p. 63).

In addition to the tributary system, *Tianxia* represents the second historical tradition widely used by scholars to explain Chinese international relations. Literally meaning "All-under-heaven", the word indicates a concept that became widely known in China after the 2005 publication of the book entitled *Tianxia tixi: Shijie zhidu zhexue daolun, The Tianxia System: a Philosophy for the World Institution*, by Zhao Tingyang, a philosopher from the Chinese Academy of Social Sciences. Discussion of the *Tianxia* system has been part of the academic and cultural tradition of Chinese scholars for centuries, but with China's expanding role in world affairs, it is now often at their disposal in order to frame contemporary Chinese views of the world. On a special issue dedicated to the illustrious political philosopher Wang Gongwu, Zheng Yongnian maintained that China's modern international order should be perceived as a "fusion of traditional *tianxia* elements and Western elements of the international order" (Zheng 2010, p. 310).

Substantially, the issue of *Tianxia* is strictly related to reforming the role of certain mechanisms, or rather institutions, that should take part in international affairs, which according to Zhao are not meant to exclusively be a prerogative for great powers. These mechanisms include the United Nations, but may also be extended to other issues in international affairs, including ideas related to sovereignty, multilateralism, globalization, and regionalism¹⁶. In other words, the international order should be equally open to everyone, and for this reason "similar to the *Tianxia* of the old China"¹⁷. Here, the *Tianxia* system seems to carry a normative indication, as exemplified in a famous speech by Hu Jintao:

"The democratization of international relations constitutes an essential guarantee for world peace. All countries, big or small, strong or weak, rich or poor, are

¹⁶ For further information on China's stance regarding United Nations reform see *China's position paper on UN Reforms*, in "China-daily", available at: http://www.chinadaily.com.cn/china/2005-06/08/content_536124.htm (accessed September 11, 2013).

¹⁷ Zheng (2010), p. 310.

equal members of the international community. Issues concerning global or regional peace should be resolved through consultation based on UN charter and universal norms”¹⁸.

In Western scholarship, William H. Callahan brought attention to Zhao’s political philosophy. Callahan recognized how *Tianxia* “was key to the governance and self-understanding of more than two millennia of Chinese empire” and that “*Tianxia* is becoming popular again in the twenty-first century as a Chinese model of world order that is universally valid” (Callahan 2011, p. 92). However, according to the author, Zhao’s most significant contribution lies in the fact that the concept provided a heuristic device “to examine how new ideas emerge in China’s making of foreign policy” (*ibid.*, p. 106).

Conclusively, historical narratives explaining the traditional Chinese understanding of world order are numerous and diverse. This chapter has demonstrated how two such understandings, the tributary system and *Tianxia*, in the past, and as a result of their prescriptive qualities, set the standards of appropriate behavior that have managed China’s interstate relations with its closest neighbors. It is for this very reason that they have been considered “historical institutions”. Indeed, the idea of *Tianxia* was already “a normative perspective” (*guifan guandian*) in ancient China, similar to how today norms are considered in the Western world (Zheng 2011, p. 158). Similarly, the tributary system was considered another ancient norm that regulated China’s interstate relations. Such a model, however, was not based on coercive methods, as political submission did not imply political suzerainty and because states were free to carry on their affairs as they pleased, a first step towards China’s subsequent idea of “peaceful coexistence” (Ringmar 2012).

The specific normative and institutional practices utilized by China and its surrounding neighbors not only highlight the presence of traditions and cultural factors in the PRC’s neighborhood policy, but also prompt important insights to better understand how ancient Chinese norms may influence contemporary Chinese ideas regarding the development and implementation of global norms and practices, and therefore China’s political conduct outside East Asia. In this light, international norms and practices must consider a pre-existing Chinese normative component, such as the idea of a peaceful diplomacy or China’s preference towards multipolarity rather than unipolarity.

¹⁸ See Chinadaily, *Hu says multipolarity vital to peace*, available at: http://www.chinadaily.com.cn/en/doc/2001-11/06/content_92220.htm (accessed September 11, 2013).

4. An independent foreign policy of peace: the Chinese idea of “responsible protection”

35

This chapter has argued that Chinese foreign policy conduct is not simply the result of *realpolitik* concerns, but rather one of the PRC’s core interests, which must be framed within a broader perspective that takes into consideration Chinese political culture, historical narratives, and, to a certain extent, the discourses of the political elite. In this perspective, while the normative shift in international politics has been the subject of an intense debate for some time, it is also true that scholars have tended to concentrate on “whether and how norms can cause behavior that would not otherwise occur” rather than “seeking to locate the power of norms in the process whereby they are created in the first place” (Flynn and Farrell 1999, p. 511).

China’s ancient normative social order is an important component *vis-à-vis* the PRC’s core interests. If we accept the general definition for norm, “a standard of appropriate behavior for actors with a given identity”, normative or traditional features may also be considered “constitutive effects”, in the sense that they “specify what actions will cause relevant others to recognize a particular identity” (Katzenstein 1996, p. 118). Although contemporary Chinese principles are not the direct transfer of Chinese traditional conceptions of world order, given the so-called “localization process”, they cannot be completely de-contextualized from China’s pre-existing social order¹⁹. In this light, cultural factors embedded within Chinese political culture influence normative principles including sovereignty and peaceful co-existence, a notion that is clearly evident in China’s global strategy with regards to global peace and development (Zhao 2011) and where, in line with the interpretative argument, we should not forget how the political beliefs and actions of the Chinese elite are more than often “drawn on an inherited tradition” (Bevir, Daddow, and Hall 2012, p. 5). Having found that China’s rise has contributed to a changing discourse, it is not surprising that an array of explanations emerges from a Chinese perspective where, as a rising power in the era of globalization, China should draw upon its traditional political thought and shape new types of international norms (Yan 2013). China’s stance towards international norms, however, should not be perceived as a total rejection of Western ones, but instead as being

¹⁹ Localization is defined as a dynamic process describing “a complex process and outcome by which norm-takers build congruence between transnational norms and local beliefs and practices”, see Acharya (2004).

in line with a complex sinicization process, meaning “making the world suitable to China and the Chinese” (Katzenstein 2012, p. 9). In this way, Chinese civilization and culture are evidently present in the norms and conceptualization of Chinese foreign policy (Zheng 2011).

A clear example of how the sinicization process is driving the PRC’s normative behavior is given by China’s recent reinterpretation of the “Responsibility to Protect” (R2P or RTP) principle, which has been reformulated by a Chinese scholar with the term Responsible Protection (RP). Indeed, China’s reaction to the Responsibility to Protect norm and its basic principles, clarifies not only how the re-elaborated version of an international norm with Chinese characteristics is the result of the increasing weight given to the Chinese point of view in international affairs, but also demonstrates how China’s norm re-interpretation is profoundly rooted within the *Five Principles of Peaceful Co-existence* and more generally, China’s patrimony of ancient historical norms.

Since its first formation in 2001, the R2P principle has generated numerous controversial complaints regarding how it should be interpreted, but even more importantly, how it should be applied to conflict settings. While the greatest bias towards this line of thought comes mainly from non-Western states, there is a generous part of the Western academic world, in addition to politicians and members of civil society, that have heavily criticized the applicability of such a norm for the purpose of so-called “humanitarian intervention”. For skeptics, the R2P principle is not as liberal as liberal internationalists maintain, especially in terms of providing a new framework for peace. Instead, it appears to be a more valid justification for a new interventionist norm that clearly depends on the needs of *realpolitik* within the international environment (Chandler 2004). The normative suggestion, or so-called “Responsible while Protecting” (RwP) has recently arrived from Brazil. The main features contained in the RwP principle are accountability, assessment and prevention. Although the Brazilian principle was not eventually used as a real, practical alternative to the R2P norm, it was, nevertheless, very well accepted by the R2P’s skeptical community

“as a vibrant democracy and regional leader, Brazil has announced in many occasions that it will not tolerate the impunity of human rights violators ... In short, while it takes sovereignty seriously, it is also engaged in the building and maintaining of an international order that respects sovereignty equality”²⁰.

²⁰ See Welsh, Quinton, Brown, and MacDiarmid (2013).

Brazil's position, in fact, appears to be "doubly" acceptable. On the one hand, it appears to be a valid alternative to the R2P norm, given the accountability of Brazil's democratic context, and on the other hand, it guarantees that the norm of sovereignty will not be violated.

The notion of RP advanced by the Chinese, instead, has essentially curbed the enthusiasm of international society, and its commitment to seek peaceful solutions in conflict settings have somehow been less considered, especially given the authoritarian framework in which it was (re)formulated. However, China's proposal for Responsible Protection not only showed how China's Foreign Policy ideas are setting new precedents in the development of global norms, but that it may also not be fully able to grasp it, if not first contextualized within the cultural and historical narratives of China's political culture.

The idea of Responsible Protection as an alternative to the International Commission on Intervention and State Sovereignty (ICISS) initiative of R2P is rooted in the exemplification made by Ruan Zongze, Vice President of the China Institute of International Studies (CIIS), a semi-official think-tank under the supervision of the Chinese Ministry of Foreign Affairs. According to Ruan, as a permanent member of the United Nations Security Council (UNSC), "China should unequivocally advocate 'responsible protection' and take an active part in the construction of a fair and reasonable new international order for the 21st century" (Ruan 2012)²¹. With the escalation of the Syrian crisis and more generally, with China's ever-more important role in world affairs, the PRC demonstrated its total disagreement to Western-led humanitarian intervention, which oversteps UNSC's authorization and has been considered a violation of international law. Contrary to the R2P norm, which for the first time appealed to sovereignty not as the right of the state to exercise control over its territories, but as a "responsibility", the idea of RP clarifies that the traditional meaning of the sovereignty principle lies in the case where the government of a given state bears the primary responsibility for protecting its citizens. In this light, non-military means and diplomatic efforts should be employed instead of armed interventions.

For Ruan, the notion of RP is built upon six basic elements: 1) the objects of protection must be innocent people and not political parties or armed forces; 2) the legitimacy of the protection enforcers must be established, and the UN Security Council is the only legitimate actor to

²¹ For a further analysis of China's RP principle see Menegazzi (2012).

perform this duty; 3) the means of protection must be strictly limited. Protection can be considered legitimate if the actor performs this duty; 4) the purpose of protection must be clearly defined, it is forbidden to create greater humanitarian disaster or to use protection as a means to overthrow the government of a given state; 5) protectors are responsible for the post-intervention and post-reconstruction phase; 6) the ultimate supervisor should be the United Nations. The UN needs to establish mechanisms to monitor and evaluate outcomes and ensure accountability (Ruan 2012, p. 37). Simply put, three of the above-mentioned considerations are emphasized by the Chinese: 1) intervention becomes legitimate if, and only if, there is a UNSC mandate; 2) regime-change cannot be a consequence of intervention; 3) post-intervention and post-reconstruction phases are necessary and fundamental aspects of the intervention process.

Chinese politics towards the MENA region, and particularly in the case of the Syrian conflict, but even before in the Libyan war in 2011, illustrate China's genuine motives behind the concept of RP. Indeed, in the case of Libya, the PRC believes that military intervention led by Western countries contributed to the Arab Spring and that the "purpose of protecting civilians" was just a justification in order to achieve "regime change". The same explanation has been applied to the Syrian crisis, where China perceived Western intervention simply as another effort to obtain a regime change without ending humanitarian disasters or without promoting political dialogue²².

It should be noted that China is not against humanitarian intervention *a priori*. On the contrary, Chinese solutions proposed by the notion of RP are in line both with China's "core interests" and its strict adherence to the *Five Principles of Peaceful Co-existence*. On one side, China strongly opposes any possible violation of the sovereignty principle, according to which only sovereign states have the ultimate decision regarding their social stability (and it is forbidden to overthrow the government of a given state). On the other side, in order to guarantee peaceful co-existence, the UNSC acts as the only ultimate supervising unit, or the guarantor, who monitors state decisions and therefore also their accountability. From a Chinese perspective, the inherited web of beliefs and practices typical of Chinese political culture influences the way individuals think and act in relation to international affairs. In this

²² China Opposes Forced "Regime Change" in Syria, in "People's Daily Online", available at: <http://english.peopledaily.com.cn/90883/7732078.html> (accessed September 23, 2013).

light, and differently from what is argued by the interpretative approach, where traditions are not considered to be an “unavoidable presence in the last performances of everything people do” (Bevir, Daddow, and Hall 2012, p. 5), in China traditions are to be understood not only as a primary influence of people, but as constitutive determinants of their beliefs.

5. Conclusion

In the West, the Chinese re-elaboration of the R2P norm has been largely perceived as an unwillingness to negotiate Beijing’s conception of sovereignty. Nevertheless, for a significant majority of scholars such conclusions seem not to be supported by a comprehensive empirical investigation into the main characteristics of the Chinese approach to sovereignty and intervention, which according to many has already experienced a significant evolution over the last thirty years (Carlson 2006; Pang 2009). For some, China’s changing approach towards multilateral intervention is mainly a result of its national interests. This is particularly significant given the fact that protecting the legitimate rights and interests of Chinese citizens abroad has become a key priority within the overall objective of protecting China’s interests overseas (Wang 2013). For others, however, this is mainly a result of China’s further integration in the international context, together with its will to develop the image of a responsible power, which has inspired some Chinese scholars to look at the “non-intervention principle in China’s diplomatic practice, contributing in this sense, to influence Chinese political culture through indirect channels” (Zhu 2010, p. 46).

A discussion regarding normative changes in international politics is beyond the scope of this analysis. This chapter has, however, successfully argued that in order to understand China’s foreign policy and the many challenges that PRC conduct poses to the Western order, explanations should, at all costs, attempt to overcome rationalist-materialistic approaches, as they tended to explain the PRC’s international conduct only in terms of material incentives and are therefore superficially based on *realpolitik* assumptions. Indeed, as China’s reformulation of the R2P norm has demonstrated, China’s international conduct is the result of mixed and often overlapping factors, that is, the contextualization of its core interests within a well-established set of historical traditions, as demonstrated by China’s strong support of the *Five Principles of Peaceful Co-existence*. Moreover, this chapter has also pointed out how

40 | individuals, in this case the Chinese political elite, play a consistent role in shaping foreign policy discourse within inherited traditions, but where, to a certain extent, their contribution to political discussions may also be the result of the link between ideas, core interests and traditions. The state of flux within which China's reinterpretation of norms appears to be engrossed justifies the normative shift that has occurred within the field of IR studies, therefore suggesting that there is a genuine opportunity to provide a valid alternative to further an understanding of the complex relationship between state identity and interests.

The People's Republic of China's Ideological Challenge to the Liberal Order

Barbara Onnis

1. Introduction

The purpose of this chapter is twofold. On one hand, it aims to highlight how China's return to the centre of the world scene has been interpreted by Western and non-Western observers and policy-makers; on the other, it emphasises that despite the enormous efforts and resources deployed by the Chinese government in order to build its *ruan shili* (soft power) and improve its international image, China continues to be perceived as a "challenge" (*tiaozhan*) and a "threat" (*weixie*), especially in economic and military terms, while the "ideological" dimension has been neglected until recently. This is probably due to the fact that, after the end of the Cold War and the resulting abandonment of the logic of the contraposition with communism, in foreign policy circles, the concept of an ideological struggle and a contemporary challenge to democratic liberalism have focused exclusively on Islamic fundamentalism, especially after the attacks of 9/11. So, while the United States (US) has been preoccupied with the global war on terror, China has gradually taken its place at the head of a potential powerful challenge to the liberal order (Barma and Ratner 2006, pp. 66-67).

As is well known, the collapse of the Soviet Union entailed the death of the only coherent ideological alternative to democratic liberalism, which had become the dominant model for development and international affairs. But it was a short-lived victory. The rise of China presented the West with a new formidable ideological challenge to that paradigm. In fact, instead of playing by the US rules as the Soviet Union did, China has redefined the rules of the game, showing the world how to liberalize in economic terms without surrendering to liberal politics, thus providing

42 | the world's despots (and not only them) with a viable alternative to the widely discredited Washington Consensus¹.

According to Stefan Halper (2010, p. 32), Director of American Studies in the Department of Politics at the University of Cambridge, the "basic idea of market authoritarianism" embodied by the "China model" (*Zhongguo moshi*) is indeed more corrosive to Western pre-eminence than any other items it can sell to the world. Moreover, its value-free diplomacy is becoming far more attractive than the Western model of democratic promotion, not only in the developing (authoritarian) countries, but also in the developed (and democratic) ones.

Generally speaking, the core of China's current ideological challenge may be found in its deep-rooted interpretation of the world order that can be epitomized with the Confucian maxim of "harmony amid diversity" (*he er bu tong*), which differs substantially from the Western-idea of ideological uniformity sponsored by the West.

2. China: the "uninterrupted" challenge

Since it was founded in 1949, the People's Republic of China (PRC) has never ceased to be perceived as a challenge and a "threat" to the established international order: firstly because of its communist ideology and its "holy" mission of exporting the revolution, mainly to Africa and Asia, especially during the 1960s and the 1970s, when many new sovereign entities were emerging from the decolonization process. Later on, when Deng Xiaoping launched the new "Reform and Open-door policy" (*gaige kaifang zhengce*), "inviting the world in" (*yin jinlai*), but especially when the Chinese government initiated a policy to encourage Chinese commercial firms "to go outside" (*zou chuqu*) and Chinese organizations to "go global" (*zou xiang shijie*) in the early 1990s, China emerged as a

¹ The concept "Washington Consensus" was first presented in 1989 by the English economist John Williamson and included a set of ten neo-liberal prescriptions for economic reform in Latin America, which stressed the primacy of market and the limited role of the state, that were later presented as 'one size fits all' for Latin American and other developing states facing economic crisis. Although the consensus as originally stated by Williamson only focused on economic policy recommendations, the concept was arbitrarily expanded to include liberal democracy, together with free market, as an indispensable destination for modernization and it became the basis of the "shock therapy" applied to the former Soviet Union and East European countries after the collapse of communism. Actually, countries that generally adopted the "Washington Consensus" prescriptions did not perform particularly well; on the contrary, in some of them the economic and social conditions even worsened. Due to the failure of such policies, the term "post-Washington Consensus" has thus become popular among scholars.

new kind of “threat” mainly in economic terms but also in political and military ones. In more recent times, the perceived “China threat” has acquired a new military dimension and appears strictly related to the foreign policy U-turn of the Beijing government, namely from a cautious, low profile, responsibility-shirking posture to a new confident, assertive (sometimes arrogant) one, especially after 2008 (Swaine 2010a)². Actually, Hu Jintao’s statement during a keynote speech at the 18th CCP Congress, concerning the need for China “to enhance its capacity for exploiting marine resources, resolutely safeguard its maritime rights and interests and build itself as a maritime power” (“*Zhongguo jiang tigao haiyang ziyuan kaifa nengli, jianjue weihu guojia haiyang quanyi, jianshe haiyang qiangguo*”) was interpreted by some observers (especially in Japan) as a “manifesto” for maritime expansion (*jinjun haiyang de xuanyan*), contributing to the spreading of a new “powerful nation threat theory” (*qiangguo weixie lun*), and even a “maritime hegemony theory” (*haishang zheng ba lun*) (full text of Hu Jintao’s report at 18th Party Congress, 2012; Meng and Zhou 2012).

3. China’s return to the world scene

The re-emergence of China as a great power is one of the most important geopolitical events that have occurred since the end of the Cold War. Within a few years, China has recovered from its relative isolation following the Tiananmen incident (*Tian’anmen shigu*) and become a major global economic and political power courted by the world’s only superpower as its main partner in the solution of global problems (Yahuda 2011, p. 269). As one would expect, the PRC’s phenomenal economic growth, which has been followed by a similar exponential growth in its political and diplomatic weight, has alarmed many analysts and policymakers, especially in the West, prompting them to wonder what kind of power an increasingly bolder and stronger China would become. Generally speaking, most of them perceived China’s rise more

² Western observers largely date China’s increased level of assertiveness to 2008, referring to Wen Jiabao’s criticism of the US mismanagement of the financial crisis and to senior PRC’s Central Bank officials’ questioning of the US dollar’s continued role as the international reserve currency. In many examples of assertive Chinese statements and actions in the last years have been related to economic issues. However, examples can also be found in other foreign policy areas including, for instance, the hardline and obstructionist stance at the UN Climate Change Conference in Copenhagen, the persistent resistance to sanctions against Iran for its nuclear activities, and not to mention the maritime claims in both the South China Sea and the North China Sea.

as a “threat” than as an “opportunity” (*jihui*), focusing especially on the economic and military aspects of such a “threat”. Actually, the “China threat” has been the subject of countless articles, books, and conferences, debating how, if, and when the rise of China would affect American security and the even more important American primacy (Yee and Storey 2002; Roy 1996; Goldstein 1997; Johnston 2003; White 2010). Such a perception has never vanished; it rather continues to sprout all over the world, also owing to the assertiveness displayed by China since the end of the 2000s, which in fact should rather be interpreted as the product of the PRC’s growing economic and military power combined with a mounting nationalism demanding a greater role in shaping world affairs, commensurate with its newfound position and power, than as the result of a deliberate coordinated policy by the Chinese government (Zhao S. 2011).

To counter the so-called “China threat theory” (*Zhongguo weixie lun*), which dominated Western debates around the New World order in the post-Cold war era during the 1990s, the Chinese government launched a global public diplomacy campaign to convince the world of the nation’s “peaceful rise” (*heping jueqi*) at the turn of the new century. Even if the reference to a “peaceful rise” would soon be replaced by the more neutral formula of a “peaceful development” (*heping fazhan*), because of its aggressive impact, especially in regards to a foreign public opinion increasingly worried about China’s rise (Glaser and Medeiros 2007, p. 304), Beijing refrained from changing its basic direction and has from then on progressed along the so-called “path of peaceful rise” that has turned into a sort of political *mantra* for the Chinese leaders to repeat as often as possible.

At the same time, the Chinese government undertook a series of important steps to wield its influence in a responsible way (in the wake of the positive role played by the PRC in dealing with the 1997 financial crisis), abandoning its previous aversion to multilateralism and joining multilateral institutions (Wu and Lansdowne 2008), increasingly supporting peacekeeping missions (Bates and Huang 2009), powering and sustaining economic growth in Africa, Asia, and Latin America. Even more importantly, given its traditional aversion to meddling in other states’ domestic politics and its absolute respect of the “non-interference in each other’s internal affairs” principle (*hu bu ganshe neizheng yuanze*), China started to engage itself in mediating in other nation’s conflicts and applying pressure to “problematic” countries. In an article published in 2009, Pang Zhongying—Professor of International Relations at the School

of International Studies of the Renmin University in Beijing—offered an interesting analysis concerning China’s gradual involvement in foreign issues during the 2000s. In particular, Pang argued that while China continued to pursue the principle of “non-interference” to resist the Western interventions in its own domestic policies, it had practically started to change its position in relation to international engagement in political and humanitarian crises and to reconsider its stance on international intervention (Pang 2009). He also maintained that, while China strongly criticized the concept of “Responsibility to Protect” (R2P), developed in 2001 by the International Commission on Intervention and State Sovereignty (ICISS), worried about potential abuses the US and its Western allies would make of it, it had in practice supported many international resolutions and statements which had been influenced by that idea in the course of the 2000s, backing UN Security Council resolutions condemning and/or sanctioning the so-called “rogue states” (such as Sudan and North Korea), and providing its growing contribution to United Nations Peacekeeping Operations (UNPKO) (*ibid.*, pp. 240-242)³.

Generally speaking, such a pragmatic shift has enabled China to become highly influential worldwide, also due to the skilful use the Beijing government started to make of soft power instruments. The “peaceful rise” doctrine emphasized the importance of soft power and was partially based on the premise that good relations with its neighbours would enhance rather than diminish China’s comprehensive national power (*zonghe guoli*)—a political concept developed in China during the 1980s in order to measure the general power of a nation-state by combining various quantitative indices that consider both military factors (hard power) and economic and cultural factors (soft power). To be honest, a series of “strategic opportunities” such as the implosion of the former Soviet Union (which had been America’s primary competitor in soft power resources in former decades) and the Asian financial crisis further contributed to fostering a steady global expansion of Beijing’s

³ China formally revealed its official stance regarding the R2P concept in a document issued in 2005 by the Ministry of Foreign Affairs (*Position Paper on the United Nations Reforms*) stating that “each state should shoulder the primary responsibility to protect its own population”. However, even if it recognizes that “internal unrest in a country is often caused by complex factors”, “prudence is called for in judging a government’s ability and will to protect its citizens” and “no reckless intervention should be allowed”. “When a massive humanitarian crisis occurs, it is the legitimate concern of the international community to ease and defuse the crisis. Any response to such a crisis should strictly conform to the UN Charter and the opinions of the country and the regional organization concerned should be respected. It falls on the Security Council to make the decision in the frame of UN in light of specific circumstances which should lead to a peaceful solution as far as possible”.

cultural and diplomatic influence, especially in the developing world. China has also benefited from US policy failures, especially the Iraq war, which had dramatically affected Washington's soft power (Nye 2004), as well as from the increasingly broader unpopularity of the World Bank, the International Monetary Fund, and Western powers in general. To a certain extent, China's efforts have helped Beijing to reduce the previously perceived "China threat", especially in South East Asia, where in the first years of the 21st century China was mainly perceived as a "benign power" and a responsible actor on the world stage. Indeed, China's use of "soft power" in the region had been so effective that, for the first time in half a century, Washington had to face a situation in which another country's appeal outstripped its own in a crucial area, such as Southeast Asia. As pointed out by Joshua Kurlantzick (2006, p. 1), at that time Chinese business people, cultural elites, and policy makers enjoyed the type of access to Southeast Asia once reserved for US elites. This perception was also nurtured by the success of the Beijing Olympics and the extraordinary Chinese performance in dealing with the global financial crisis. Since then, the "China model" started to be regarded in a new light, especially in the West.

However, over the past decade China's global reputation has been subject to considerable fluctuations, and in the last few years the country's global reputation has suffered due to certain Chinese behaviors and policies both at home (the continuing crackdown on mass unrests; internet censorship; the management of the scandals related to "food security") and abroad (the increased level of assertiveness since 2008, both in economic issues and in many foreign policy areas). In other words, despite the enormous efforts and resources poured in by the Chinese government while trying to build its soft power and improve its international image, China continues to have a mixed-to-negative global reputation; its cultural products are not setting global brands and continue to be little known outside the country. Even in economic terms China's global presence and reputation is mixed. According to David Shambaugh (2013, p. 9), China can only be considered a "partial" power and will have a long way to go to become a global superpower like the US.

4. China: a “model” for others?

47

Although the debate about the peculiarities of the Chinese political and economic system is not new and dates back to the 19th century, the expression “Chinese model” or “China model” has become popular only recently—chiefly referring to those institutional instruments that have allowed China to deal with the global financial crisis more efficiently than the Western powers did (Congiu and Onnis 2013, p. 57). In fact, the expression “China model” was used for the first time in the early 1990s to describe the success of China’s developmental path and the contemporary failure of the Soviet bloc. At the beginning of the 2000s, the former foreign editor of “Time” magazine, Joshua Cooper Ramo, boosted this expression and introduced the term “Beijing consensus” (*Beijing gongshi*) to describe China’s unique developmental approach as distinct from the Washington consensus. His starting point was that the developing countries appeared increasingly disillusioned with the Washington consensus while in the meantime they were increasingly impressed by a “Chinese model” that emphasized pragmatism and self-determination (Cooper Ramo 2004, pp. 3-4), and, unlike Western economic development models, did not link economic and financial aid to any precondition. Not surprisingly, Cooper Ramo’s essay immediately caught the attention of the observers, particularly in those nations around the world that were:

“trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful centre of gravity” (*ibid.*, p. 3).

At the same time, a heated debate arose, especially in the West, about whether China was really offering a new “model”.

Interestingly, while the “Beijing Consensus” was an attractive conception that animated discussions at academic seminars and conferences, mostly in Western countries before the 2008 financial crisis, Chinese government officials and academics themselves have since then embraced the idea that Chinese growth is rather driven by economic statism than by the vibrancy of the market and influential private entrepreneurship—but constantly rejecting the “provocative” expression “Beijing Consensus” (Wang and Lu 2008, p. 429). Similarly, while at the beginning China’s lack of political openness and its state-centred model of development had attracted only some of the more authoritarian-minded leaders of the developing world, the PRC’s brilliant performance in

weathering the 2008 financial crisis, and the contemporary difficulties experienced by the majority of the Western countries, contributed to the acknowledgement of the effectiveness inherent to the “China experience” (*Zhongguo jingyan*), determining an astonished reaction even among foreign economists and political scientists. Michael Spence—the 2001 Nobel laureate in Economic Sciences, along with George A. Akerlof and Joseph E. Stiglitz—defined the Chinese economic development model as a model “without equal” (*Zhongguo jingji fazhan moshi duyī wú’er*), since it was the first time ever for an economy of the scale of China to develop that fast in such a short period of time. In the same vein, Joseph Stiglitz considered the “China model” as “inspirational” (*Zhongguo moshi juyou qishixing*), especially in consideration of the background of a sluggish global economy. In fact, in the midst of the global financial crisis, China’s economy had continued to develop rapidly, and that is the reason why the idea of the “China model” has spread more widely (quoted in Yang 2011). Even the Japanese-American political scientist Francis Fukuyama, author of the provocative book *The End of History and the Last Man* (published in 1992) that stated that the end of the Cold War and the advent of Western liberal democracy might signal the end point of humanity’s socio-cultural evolution and the final form of human government, praised China in an article published in the “Financial Times” in January 2011, arguing that the reasons that allowed the PRC to react positively to the financial crisis had to be found in the efficiency of its political system and in its ability to take quick complex decisions and to implement them relatively well, at least in the economic policy (Fukuyama 2011). Fukuyama had already praised the superiority of the “China model” in a previous article, which appeared in the Japanese review *Chūōkōron* (Central Review) and was published in Chinese language by the “Xinhua News” in late August 2009. In this article, the author summarized the key points of the “China model”, asserting that the core value of China’s development model had come from thousands of years of political tradition, which could be defined as “a system of responsible authoritarianism” (*fuzeren de quanwei tizhi*) (Fukuyama 2009).

Beyond all considerations, and despite the fact that the “China model” has supporters and critics both in the West and in China (Congiu and Onnis 2013, pp. 74-75), some scholars have come to the conclusion that today’s China represents a deeper and more serious challenge to the liberal order than did the Soviet Union did in the last century. In fact, the West cannot contain China in the same way it contained the

USSR, because the military dimension represents only one of the multiple facets of the Chinese power, and its economic success has “overpowered” the West. Furthermore, China’s experience has provided the world’s most irrefutable, high-speed demonstration of how to achieve economic growth while maintaining an illiberal government (Halper 2010, p. 32). Interestingly, even the National Intelligence Council concluded in a 2008 report that by 2025 the whole international system would be revolutionized by the rise of emerging new players, reunited in the BRIC’s forum (National Intelligence Council 2008, pp. iv, 1). At the same time it predicted that, rather than emulating the Western models of political and economic development, more countries might be attracted by China’s alternative development model, and in general by the so-called “state capitalism” embodied by China (as well as by India and Russia), and that other countries, such as South Korea, Taiwan and Singapore, had followed in the past to develop their economies (*ibid.*, pp. IV, VII; Bremmer 2010).

So, while the ideological repercussions of China’s ascendancy have often been neglected, they appear to be just as dangerous as the economic and military threats, since they risk putting an end to the Western world order and favoring the birth of a new global order with Chinese characteristics instead (Jacques 2009).

5. China’s “harmony amid diversity” vs. the Western ideological uniformity

The majority of observers agrees that the main peculiarity of the Chinese mode of governance consists in its non-ideological, pragmatic, and experimental approach which stimulates both social stability and economic growth without compromising the communist party’s authority to rule. Actually, the attractiveness of the “China model” lies mainly in the ability shown by the Chinese leaders to boost the world’s fastest economy under one-party rule; but it also lies in its “value-free” diplomacy which has attracted many developing countries that appear increasingly intolerant of the Western model of democratic promotion (Congiu and Onnis 2013, pp. 75-76).

Indeed the core of the Chinese ideological challenge to the liberal order resides in the Chinese *modus operandi* in international relations, which is characterized by its peculiar view of the world system as “harmony amid diversity” (*he er bu tong*). China has a deeply-rooted foreign

policy tradition that lacks the urge to spread its own political-economic system and has always promoted the respect of sovereignty and non-interference in internal affairs. Since the 1950s, the *Five Principles of Peaceful Coexistence* (*heping gongchu wuxian yuanze*) formally represent the PRC's basic norms guiding its foreign policy⁴. Even during the Maoist era, Beijing did not use military forces nor did it encourage others to copy its own model, although it meddled in the domestic affairs of other countries in order to promote the spread of socialist revolution (Yahuda 1978, pp. 282-283).

China starts from the assumption that each country must be free to choose its own development path and disagrees with those multi-lateral organizations and institutions that promote liberal values in the developing world. In protecting the "diversity" of political-economic systems, but especially in its attempt to make the institutions of the global governance ideologically "neutral", China inevitably challenges the Western drive for ideological uniformity and questions the West's long-standing tradition of exporting liberal democracy and economic liberalism to the developing world. According to Frans-Paul van der Putten (2013, p. 60), senior research fellow at the Netherlands Institute of International Relations "Cligendael", the more China succeeds in making the institutions of global governance (starting from the UNSC, the IMF and the WB, where China is an increasingly influential member) "neutral" in ideological terms, the more difficult it becomes for the US and its Western allies to use them to export liberal democracy and economic liberalism to the developing world.

The ideal of "international diversity" is not new; it is rather deeply rooted in Chinese culture. The concept of "harmony with diversity" (*he er bu tong*) actually derives from an expression assumed to originate with Confucius—"Zi ri, junzi he er bu tong, xiao ren tong er bu he" (Confucius said: "Gentlemen are harmonious and not clannish. Petty men are clannish and not harmonious") (*Lunyu*, 13.23). "Harmony", in Confucian terms, does not imply conformity, it is rather aimed at preserving the differences. Generally speaking, the PRC's government

⁴ The *Five Principles of Peaceful Coexistence*—mutual respect for each other's territorial integrity and sovereignty (*huxiang zunzhong zhuquan he lingtu wanzheng*), mutual non-aggression (*huxiang bu qinfan*), non-interference in each other's internal affairs (*huxiang bu ganshe neizheng*), equality and mutual benefit (*pingdeng huli*) and peaceful coexistence (*heping gongchu*)—were originally proclaimed as part of the "Agreement on trade and intercourse between Tibet Region of China and India" in 1954. In April 1955, they were then modified and incorporated in a statement of ten principles issued at the Asian-African Conference in Bandung, while they became the basis of the Non-Aligned Movement in 1961.

has often stated that China supports international diversity. But, it is especially under the leadership of Hu Jintao that the Confucian values, with special regard for the principle of “harmony”, acquired a prominent place in both China’s domestic and foreign politics —as the introduction of the concepts of “harmonious society” (*hexie shihui*) and “harmonious world” (*hexie shijie*) clearly demonstrate. The concept of “harmonious society” was proposed by the Chinese leadership in 2005, during the National People’s Congress annual session, to indicate the government’s will to change China’s focus from economic growth at any cost to overall societal balance and harmony. In other words, it was introduced against a background of the social disparities and conflicts that were induced by rapid economic development in China and the idea of building a harmonious socialist society represented the determination of Hu’s administration to solve those problems. The reference to Confucian “harmony” implied that at least at the rhetorical level, the Chinese government supported social diversity. Interestingly, in 2007 the Chinese government issued a White Paper on “China’s Political Party System” which focused on the importance attached by China to the multi-party cooperation and political consultation under the leadership of the CCP. With reference to Hu Jintao’s ideal of a “harmonious world”, it was aimed at emphasizing the importance attached by China to dialogue and cooperation, mutual respect, and equal respect and treatment among nations, whether big or small, strong or weak, rich or poor, democratic or not. In particular, in his speech at the UN’s 60th anniversary summit, Hu made a four-point proposal for building a harmonious world. These points revolved around four broad themes: effective multilateralism among states, the development of a collective security mechanism, prosperity for all through common development, and tolerance and dialogue among diverse civilizations (*Hu Makes 4-point Proposal for Building Harmonious World*, 2005).

More recently, the White Paper on “China’s Peaceful Development” (“*Zhongguo heping fazhan*” *baipishu*) issued by the State Council on September 2011, contains several statements referring to the fact that in world affairs “diversity” (*shijie duoyangxing*) should be respected not only with regard to culture, but also with regard to social systems (*shehui zhidu*) and ideology (*yishi xingtai*). This implies the respect of each country’s sovereignty and the fact that no country or group of countries has the right to intervene in the affairs of another country (*bu ganshe bie guo neibu shiwu*) on the basis of ideological criteria (State Council of PRC, 2011, chap. 3).

Immediately after the proclamation of the *Five Principles of Peaceful Coexistence*, the principle of non-interference acquired a fundamental role in China's handling of foreign affairs. It was Zhou Enlai who, during the historic Asian-African Conference in Bandung, made clear the paramount importance of such a principle that enabled each country to choose its own political system (*zhengzhi zhidu*) and its own way of life (*shenghuo fangshi*), specifying that even though the PRC's government officially favored the spread of communism around the world, he was not going to take advantage of his presence at the Conference to promote China's ideology or political system (Zhou 1955). As previously mentioned, since then the *Five Principles of Peaceful Coexistence* continued to represent the leading guidelines of China's foreign policy, and especially after the events in Tiananmen Square the doctrine of "non-interference" started to be perceived by the Chinese leaders as the core of the country's sovereignty, used to provide justification for its adherence to a strict view of sovereignty which rejected interference in the international affairs in the name of human rights or humanitarian interventions as had frequently been adopted by many Western countries, starting with the US. Only in recent times did the continuing value of this principle become heavily debated within Chinese academic circles, given China's growing influence in the world and its growing interests to defend.

6. Conclusions

Since the beginning of its own existence, China has always been perceived as a "challenge" (and more frequently as a "threat") to the established world order. In the last decades, during which China has re-gained great power status along with its astonishing economic performance, the main emphasis has been on the economic threat rather than diplomatic and military challenges. On the contrary, the ideological dimension of the China threat has often been neglected or underestimated. However, in the aftermath of the global financial crisis, which contributed to confirming the weakness of the Western model, and the fallacy of the Washington consensus prescriptions, the "China model" gained ground, becoming a potentially feasible alternative, not only in terms of economic development but also in terms of political governance. The forcefulness of the "China model" was clearly sanctioned in 2010, when China surpassed Japan becoming the world's second-largest economy and became—at the same time—the rationale of numerous predictions, which forecast

that China would surpass the US as the largest economy in the next one or two decades (Goldman Sachs 2007, p. 8; *You're On* 2012). It is not by chance that in the last few years another debated issue in Western discussions about the future pertains to the possibility that China might replace the United States as the leading world power in the near future. Many authors have accepted the assumption that China's dominance is not only imminent, but also much larger in magnitude than is currently imagined. In other words, China's impact on the world will not simply be economic, but will also have profound political, cultural and ideological effects (Halper 2010; Jacques 2009; Subramanian 2011).

At any rate, Chinese illiberalism might well represent the real long-term geopolitical challenge to the West: it is easily exportable and is dangerously appealing to both a disaffected developing world, even to those countries that do not expect to replicate China's success, and to a First World characterized by a profound economic-social-political crisis. Interestingly, unlike the Soviet Union in the last century, China is not forcefully exporting its illiberal model. Instead, the manner in which it is pursuing its national goal—chasing economic interests and political allies without regard to domestic governance practices—is facilitating the export and sustainability of illiberal capitalism abroad. The irony here is that once the “China model” became a “cause for reflection” for the resuscitation of the perishing Western model, Chinese scholars started to debate the necessity for China to find a new developmental model, claiming the old one was no longer sustainable (Hsu, Wu, and Zhao 2011).

Friend or Foe? Chinese Strategic Thinking and the Transformation of the People's Liberation Army

Giampiero Giacomello and Matteo Dian

1. Introduction

Some of the most pressing questions in international politics today concentrate on what China's rise will mean for the rest of the world. Will it really be the "peaceful rise" that the Chinese leadership has proposed? Is the "rebalancing" or "pivot" that the United States seems to be pursuing the right choice (Xiang 2012), or will it definitively convince the Chinese that a new "containment" is in the making¹? Above all, is a hegemonic war all but inevitable? Political scientists are "lousy forecasters", as it is well known², but we are convinced that analytical work grounded in the examination of Chinese military thinking and coupled with the study of China's transformation of its military (most notably its navy) should serve the reader well in understanding what the future has in store for East Asia.

Today, the People's Republic is more secure than it has been at any time since its foundation. During the Maoist period it was involved in a number of conflicts, and its security was threatened by military rivalry with the Soviet Union and the United States. China's last war, against Vietnam, coincided with the beginning of the process of reform and opening. Today, despite the growing rivalry with Japan and the enduring presence of several territorial disputes, Beijing perceives the external security environment as relatively benign and considers regional stability as an essential prerequisite for its "peaceful development" (Chinese Ministry of National Defense 2013).

Nevertheless, it is evident that China has continued its noteworthy effort to modernize the People's Liberation Army, especially its air and naval components. To what end? Is it to confirm its role as regional

¹ On the pivot, see the chapter by Matteo Dian in this book.

² Reference here is to the article by Jaqueline Stevens that appeared in "The New York Times" in June 2012.

power or is it the first step in becoming the global challenger about whom the United States seems to worry?

Moreover, despite the “philosophical” foundations of the People’s Republic of China’s (PRC) strategic culture, described in the next section, the political leadership’s appreciation for today’s advanced technology is evident (Feigenbaum 2003). This observation, combined with the many volumes (Ross 2009; Blasko 2012) on China’s growing military force, seems to point to the fact that China is gearing up for a future technological conflict with its main competitor, namely the United States. Recalling Gilpin (1981), hegemonic war seems almost obvious, given such premises. Yet, this outcome is far from being assured, or even probable.

Explanations inevitably swing between China as a regional power, mostly concerned with global trade routes and access, and China as an emerging global player, bent on confronting the United States worldwide, but an in-depth analysis suggests that both reasons hold (Dossi 2013). The reason for a certain “determinism” when considering the PRC’s military modernization is that many volumes focusing on its contemporary military force do not always try to integrate China’s tradition of strategic thinking or even its strategic culture. As a matter of fact, one of the most cited works merging the former and the latter, namely that of Johnston (1995), has been criticized for serious flaws in its structure (Feng 2007; Kane 2007).

Hence it is quite difficult to “measure” the PRC’s military modernization today when incorporating China’s tradition of strategic thinking (and its strategic culture) in such an analysis. However, as we show in this chapter, basic as it may be, it is also the most correct path of inquiry.

2. The pillars of China’s strategic thinking

Because of its long history, it was almost inevitable that some of the early works on strategy and warfare would be Chinese. Although it is quite difficult to set the exact dates³, Sun Zi’s *Art of War* is not chronologically far from Thucydides’ *The Peloponnesian War*, the most important military piece from antiquity⁴. Likewise, as Thucydides’ work

³ *The Art of War* was written during the Warring States Period (463-222 B.C.), while the *Peloponnesian War* was written almost at the end of that war (437-403 B.C.).

⁴ The two outstanding works are nonetheless rather different. Sun Zi’s is a manual on warfare and (some) strategy. Thucydides’ is a voluminous, grand historical analysis, which blends

is considered to be an early example of modern historical research, as he wanted to understand the profound reasons for that war, China's tradition of strategic thought originated with the early rulers of that country, who "invented the study of history" (Kane 2007, p. 74). It is intriguing that these first two pivotal works on military affairs and strategy, albeit so diverse, appeared in two faraway places, but almost concurrently. It probably suggests that around that period, 2400 years ago, the evolution of the human race reached a point in which strategy and warfare had become so paramount and institutionalized that they had to be recorded in writing. That we still read them indicates that this intuition was correct.

While Sun Zi's work is the best-known piece, there are several other works that have also withstood the test of time (e.g. N.N. 1997; Sawyer 2004). The guiding principle of all these works on military art/science⁵ is the "harmony" of the whole physical/natural world, implying a strong spiritual dimension. This is somehow obvious, as according to Confucianism (Chinese culture's paramount staple), "the Chinese are a people who love peace and harmony" (Feng 2007, p. 17). The disorder, brought about by armed conflicts is a temporary disruption of the world's harmony rather than a clash between opposing wills. Moreover, in war the emphasis for Ancient China was on following and adapting to the various changing circumstances and using them to one's advantage rather than imposing one's will through seizing and maintaining the initiative, as all Western military academies teach. That said, it would be easy to conclude that—as many have done—there is an irreconcilable chasm between the Western and Eastern ways of war. This is not the case, however, and the two visions are more convergent than divergent, though they emphasize different elements.

Unsurprisingly, Carl von Clausewitz holds the honor of being the most quoted and studied foreign military author in China (Tjiejun 2011). But is Clausewitz's influence in China greater than, smaller than or about the same as Sun Zi's? Although the Prussian philosopher-general is sometimes juxtaposed with Sun Zi, the conclusion that "they are both immortal masterpieces but with different characteristics" (Tjiejun 2011, p. 9), and that they are more complementary than contradictory, appears to be more correct. Paradoxically, this juxtaposition rather originates

together military strategy and politics, with a modern methodology. This would be the same distinction that one would have to make between Sun Zi and Carl von Clausewitz's *magnum opus On War*.

⁵ This is a clear Clausewitzian reference.

with Basil H. Liddel Hart's harsh criticisms, which the British strategist displayed in Griffin's first translation of *The Art of War* (1963). Chinese scholars have amply read Liddel Hart's comparison of the two great thinkers and it is well-known that Liddel Hart was particularly critical of Clausewitz without truly comprehending him (Handel 2001). Moreover, Liddel Hart's aggrandizement of Sun Zi vis-à-vis Clausewitz is much too self-serving to be believable (Sun Zi 1963, p. vii). Nonetheless, it does not seem that Liddel Hart's opinion has affected the Prussian philosopher-general's reputation or degree of admiration in China (Tjiejun 2011).

The convergence rather than divergence of Clausewitz and Sun Zi is also the thesis of a most remarkable treatise on these great authors, namely Michael Handel's *Masters of War*. Handel actually finds a common thread connecting Sun Zi, Clausewitz, Thucydides, Machiavelli and Jomini, in that they all contributed to a "traditional strategic paradigm for the understanding and direction of war" (Handel 1996, p. xiv). But Handel cannot avoid the bias of Western military thinking, so that when Clausewitz and Sun Zi do diverge, it is the former that prevails, giving the impression that the latter (at least) misunderstood some of the realities of war. Kane (2007) explains that Handel attributed such mistakes to the strong influence of Confucianism on Sun Zi, who in turn could not avoid some wishful thinking in his analysis.

While admitting that there are some errors in Sun Zi (albeit less than in Clausewitz), Kane (2007, p. 19) notes that "Handel separates them from their original context and interprets them in a rigidly literalistic fashion". Handel's error could never originate "out of ignorance" (*ibid.*), but rather because Handel believed (wrongly for Kane) that "universal logic of strategy" (Handel 1996, p. 17) could be set apart from the historical, philosophical, cultural, and linguistic context. Much as anger, hatred, fear, valor, and audacity all affect the rational calculus in war, the universal borderless validity of strategy cannot help but be affected by the geographical relativity of local culture.

Such a conclusion would nonetheless expose Kane's convincing analysis to the never-ending debate between the relative and the general, and the juxtaposition between cultural relativism and the need for generalization. It would also bring in the debate on "strategic culture". Already three "generations" of authors have argued about this (Gray 1981; Klein 1988; Johnston 1995, as the main proponents). Despite such a broad contest, strategic culture remains a problematic concept (Sondhaus 2006), far from any prospect of resolution. Given the relevance

of Confucianism and Daoism and, more generally, of philosophy to the tradition of Chinese thinking on strategy (N.N. 1997; Feng 2007; Kane 2007), it would be a grave mistake not to take the notion of strategic culture into account when examining China's military transformation.

Well read in Marx and Lenin (and thus in Clausewitz), Mao Zedong was also proficient in Sun Zi. He was, thus, the right operator to apply the lessons from both schools of thought. Given his position and forces, Mao reversed the Western principle of war of quickly seizing (and defending) a territory, as taught by Napoleon, by applying the notion of "protracted struggle" (Shy and Collier 1986). Therefore, his ideas focused on politics, space and time, but in a decidedly different manner than what was the axiom in the West at the time and it is not surprising that Mao's teaching was successfully applied in Vietnam by Giap and Ho Chi Minh⁶.

After 1949, and the birth of the People's Liberation Army (PLA) (a "regular" army), the revolutionary principles showed their limits when used in a context of "traditional" warfare between sovereign states, as happened in Korea and the border conflict with the Soviet Union in 1969. Mao's strategic thinking, and particularly his successful amalgamation of theory and praxis (Shy and Collier, 1986), has remained central for the PLA; but—as the next section shows—the army has slowly moved toward a more "flexible" structure to deal with more diverse security contingencies.

To conclude, the contemporary reception of China's strategic thinking in the Western hemisphere is still a mixed affair. Sun Zi and Chinese strategic thinking have received recognition in other recent works such as Waldron (1994), Johnston (1995) and van Creveld (2000). But it is perplexing that one of the most cited modern texts on strategy, *Makers of Modern Strategy* (Paret 1986), barred the Chinese contribution to the development of strategy as an art/a science. Mao is examined, but only within the Chapter "Revolutionary Wars" (Shy and Collier 1986). And at least one volume on "the making of strategy" failed to rectify such a mistake (Hanson 2010). Omissions are also apparent in Gat (2001), Heuser (2010) and Olsen and Gray (2013)⁷, for example. A major shift of focus, as the second part of this chapter shows, is now inevitable, given

⁶ Che Guevara also applied his own interpretation of Mao's principles in South America, albeit less successfully.

⁷ Colin S. Gray has nonetheless recognized the tremendous influence of Sun Zi in several of his works.

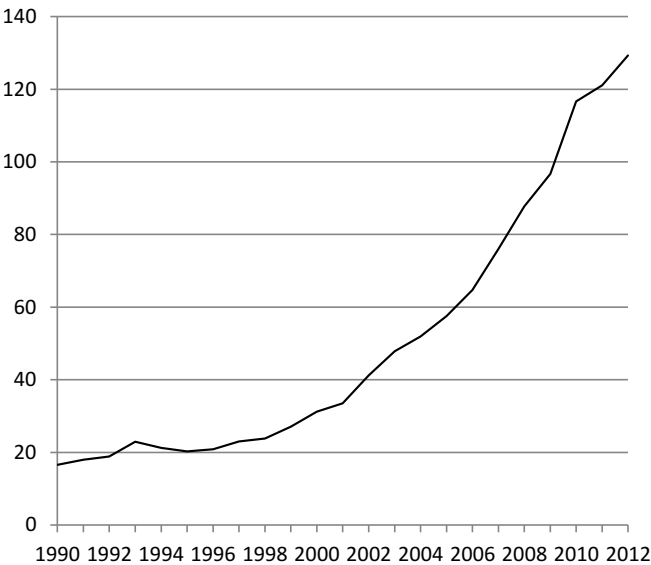
60 | the increasing military strenght of the People’s Republic of China. Yet, the simple richness of China’s strategic thinking suggests the need for an even greater appreciation for its own sake, and not merely because it may help us to understand the PRC’s strategic culture today.

3. The PLA’s evolving strategy

Since the '90s, the Chinese approach to military affairs has been revolutionized. Firstly, the end of the Cold War reshaped the strategic horizon of the People’s Republic. The political and military rivalry with the USSR that had stirred the Communist world since the late 1950s vanished together with the Soviet Union (Luthi 2008; Radchenko 2009).

Secondly and most importantly, the Chinese government has expanded the military budget at an average rate of nearly 10% per year for the last two decades. Beijing sought to convert its newfound economic resources into military force. Chinese military expenses surpassed the Japanese and British levels in 2005 and 2007 respectively, turning China into the second-largest world spender after the United States.

Table 1. *China’s Military Expenditures*



Source: Correlates of War Project dataset, National Material Capabilities (v4.0)

The demise of the Soviet Union and the vertiginous increase of the budget made available for the PLA created a radical change both in the structure of the Chinese armed forces and in its main strategic objectives. On the one hand the PLA embarked into a comprehensive program of modernization and informatization. On the other, it rebalanced its structure in favor of the maritime dimension, tailoring procurement, doctrines, and organization to its evolving strategic aims.

In the immediate aftermath of the Cold War, China's main strategic concern was the ability to prevail against any adversary for a given contingency in the Taiwan Strait. As Aaron Friedberg recalled, "the People's Liberation Army was, after all, backward, poorly equipped, and badly in need of modernization" (Friedberg and Ross 2009). As a consequence, the PLA concentrated both its procurement and its military planning exclusively on acquiring capabilities for a possible contingency in the Taiwan Strait. At the time, China did not have the capabilities to threaten the *status quo* beyond Taiwan or to alter the strategic equilibrium in the region, both in quantitative and in technological terms. The PLA had a very limited capacity to project power beyond the Strait and was able to engage enemy forces only in its immediate coastal waters. Consequently, the only political aim the PLA could hope to fulfill aside from defending its own territory and exercising deterrence, was making sure that Taiwan would not declare its *de jure* independence from the People's Republic.

The weakness of the PLA clearly emerged during the "Third Taiwan Crisis" (Ross 2000; Scobell 2000; van Vranken 1998). On the occasion of Lee Teng-hui's visit to the United States and of the 1996 presidential elections in the Republic of China, Chinese government threatened Taiwan with a series of military exercises simulating an attack against the Island⁸. The Clinton administration responded deploying two carrier groups into the Taiwan Strait. This response signaled the United States' enduring commitment to provide extended deterrence to its Asian allies and reaffirmed the US capacity to freely project power in the proximity of the Chinese shores. From a Chinese perspective, the Third Taiwan Strait Crisis highlighted how the United States could prevent China from securing one of its core interests: territorial integrity and the maintenance of a "one China" policy in Taiwan⁹. The 1995/96 Taiwan crisis demon-

⁸ Lee Teng-hui was the first directly-elected President of Taiwan. He succeeded Chiang Ching-kuo, son of Chiang Kai-shek.

⁹ China defines "core interests" as the interests for which it is ready to resort to war. They are territorial integrity, upholding the socialist systems and sustainable economic development. Taiwan is considered part of Chinese sovereign territory.

strated the necessity of modernizing the PLA's equipment in order to prevent the United States from easily prevailing if a similar crisis was to emerge in the Taiwan Strait or within the First Island Chain.

The growing military budget, made possible by the recent extraordinary economic growth, has enabled the Chinese armed forces to pursue more ambitious strategic objectives. China has been acquiring increasingly sophisticated military capabilities and has redesigned its military structure in order to exploit new military technologies generated by the informatization of warfare (Newmyer 2010).

Since the early years of the new century, the PLA has shifted its strategic focus to the possibility of realizing an Anti-Access Area Denial (A2AD) Strategy in the First Island Chain¹⁰. "Anti-Access" generally refers to those actions and capabilities, usually long-range, designed to prevent an opposing force from entering an operational area. Anti-access actions chiefly tend to target forces approaching by air and sea, but can also target cyber-based, space-based, and other forces that support them. "Area Denial" refers to those actions and capabilities, usually of shorter range, designed not to keep an opposing force out, but to limit its freedom of action within the operational area. Area-denial capabilities target forces in all domains, including land forces (Cliff et al. 2007).

Chinese A2AD strategy is explicitly designed to curb, or even deny any adversary, particularly the United States and Japan, the capacity to project power near the Chinese shores. This strategy will complicate the maintenance of forward presence, particularly the use of military facilities in the proximity of Chinese shores. Moreover, aircraft carriers are excessively vulnerable when operating within the reach of Chinese area denial systems (Wortzel 2014).

Overall, these efforts are aimed at creating a potential "no go zone", to deny the United States the capacity to project power within the area of the First Island Chain and to freely use the bases located in close proximity to Chinese territory in case of conflict. As a consequence of the development of these capabilities, the American forces would find themselves locked out of the area between mainland China and the First Island Chain. The American capacity to project power in this increasingly relevant area would be significantly diminished, causing

¹⁰ The first island chain is generally thought to run from the Japanese main islands through the Ryukyus, Taiwan, the Philippines, and Borneo, thus roughly bounding the East and South China Seas.

fundamental damage to American military primacy, since the capacity to exercise extended deterrence and to protect Asian allies would be decisively damaged.

Map 1. *China and the First Island Chain*



Source: Author's own elaboration

4. The Modernization of the PLA

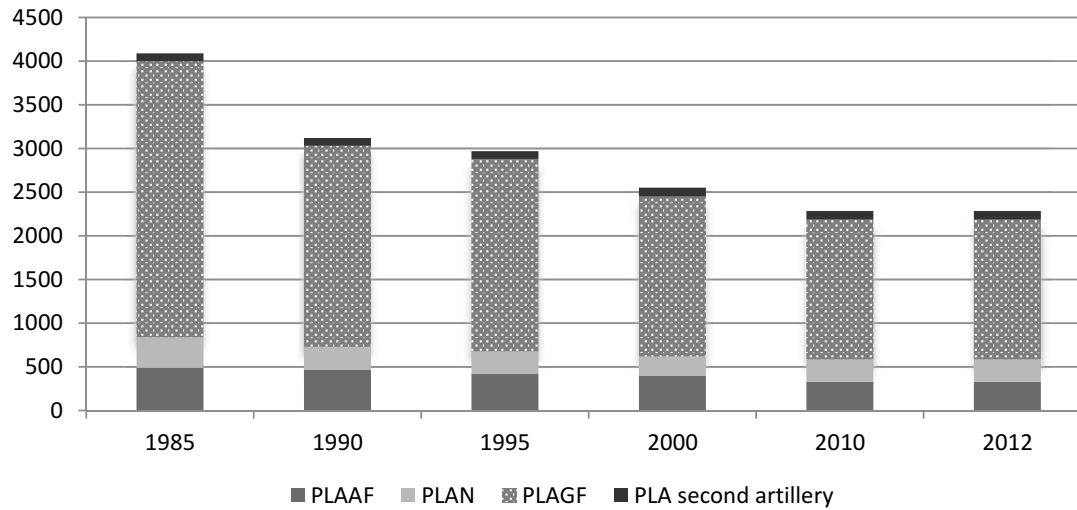
The development of capabilities aimed at prevailing in a possible Taiwan-related contingency and the following effort to achieve A2AD capabilities catalyzed a radical process of modernization and restructuration of the PLA, which involved both procurement and organizational structure of the Chinese armed forces. In 1981 China had 4.750.000 million men under arms. In 2009, that number had shrunk to 2.185.000. Ground forces (PLAGF) were the most affected by these processes. PLAGF total personnel were reduced by 59%. The personnel of the PLAN and PLAAF were also reduced around 30% between 1980 and 2009 by 30%. Together with this organizational reform the Chinese progressively abandoned the previous military doctrine, based on the Maoist principle of “People’s War” to progressively shift the focus on the role of technology and informatization. Since the ’90s the PLA has elaborated two different military doctrines: the “Limited War under High Technology Conditions” (1991-2004) and the “Limited War under High Technology and Informationized Conditions” (2005-). This evolution implied the pursuit of a so-called “Revolution in Military Affairs with Chinese Characteristics” (Goldstein 2005; Fisher 2008; Fravel 2008).

Chinese strategists started to use the term “high-technology” during the First Gulf War, to describe advances in the range, precision, and destructiveness of modern weapon systems, as well as in the effectiveness and integration of reconnaissance and communication capabilities. The overwhelming technological superiority demonstrated by the United States during *Operation Desert Storm* deeply impressed Chinese military planners, who understood the PLA needed to modernize its weaponry and its doctrines. Moreover, China had to embrace the technological revolution brought about by the informatization of warfare.

The new military doctrine, the “Local War Under High Technology Conditions” and the following Local War Under Informationized Conditions, deeply differentiate themselves from the previous “People’s War Under Modern Conditions” which characterized Chinese writings in the Deng Era. The new concept highlighted that future conflicts were likely to be limited in geographical scope, duration, and political objectives and dominated by high-technology weaponry. Consequently, the PLA had to systematically modernize its air, sea, and land forces. Moreover it had to develop a sophisticated C4ISR¹¹ system able to promote the

¹¹ C4ISR stands for control, communications, computer, intelligence, surveillance, and reconnaissance.

Table 2. *Men under Arms*



Source: Cordesman, Hess, and Yarosh (2013), pp. 84-85

integration between different branches. Contemporary wars would be radically different from the total war (or people's war) for which the Chinese were used to planning. The Chinese had to relinquish the Maoist idea of "active defence", aimed at luring the hostile forces into their territory in order to allow them to overstretch themselves and defeat them (Shambaugh 2002).

Chinese strategists highlighted how the technological evolution of warfare mandated seizing the initiative, and striking the enemy's weakness in a quick and decisive battle. The Chinese army did not need the capacity to resist a prolonged invasion while retreating in its vast landmass. The new kind of warfare demanded of the PLA the ability to project power in its periphery and to prevent enemy forces from doing so in the proximity of its territory.

During the 1990s, Chinese strategists also recognized that China lagged behind in technological terms and that challenging the American armed forces in an open battle would have been like "throwing an egg against a rock" (Crane, Cliff, and Overholt 2007). Consequently, China had to pursue two main strategic objectives in the modernization of its armed forces. The first was the overall qualitative and quantitative reorganization of the PLA, improving the level of technology and introducing new and more advanced platforms. The second was—consistent with traditional Chinese military thought—what Mao Zedong defined "using inferior equipment to defeat an enemy with superior equipment" (*ibid.*).

As a consequence the Chinese military planning and doctrinal elaboration was focused on the development of an asymmetrical strategy aimed at preventing the United States from effectively using or threatening to use force against China. The main political objective to be achieved, namely preventing the United States from politically coercing China or threatening one of its core interests, was to deny the US the possibility of fighting (Wortzel 2014).

From a strictly military point of view, the PLA should be ready to hit the enemy in its weaker points and to deny access to the battlefield in order to impede the enemy's ability to fight. As a consequence the Chinese A2AD strategy has been designed to hit the major weak points of the American military network. The first weak point is the concentration of military assets in main hub bases near the theater of operations, such as Kadena Air Base in Okinawa or Sasebo Naval base in Japan. As a consequence, major military bases within the first island chain would be the first target of the Chinese A2AD strategy.

The second weakness of the American forces is considered to be the reliance on their C4ISR systems. The Chinese strategists highlight that since *Desert Storm* US military dependence on relatively unrestricted access to both space and cyberspace has enormously expanded. C4ISR systems, as well as precision-guided munitions are heavily dependent on high-bandwidth connectivity and satellites. The dependence upon satellites makes them an attractive target for future adversaries. Similarly, cyberspace has never been seriously damaged or disrupted.

The PLA has systematically acquired many of the capabilities needed to fulfil its evolving strategic aims. The most relevant military innovations the PLA developed in this period chiefly pertain to the Navy, the Air Force, and the conventional missile arsenal.

While the creation of a blue-water navy remains a distant objective, the People's Liberation Army Navy/PLAN has concentrated a great part of its procurement on the strengthening of anti-access capabilities within the first island chain. The enhancement of the naval sector has probably been the highest priority for modernization (Yoshihara Holmes 2010; Cole 2010).

PLAN modernization involves a vast program of weapons acquisition. The process of expansion and modernization also included surface warships. Since 1994, the PLAN has acquired 16 destroyers and 32 frigates. The PLAN recently also acquired its first aircraft carrier, the *Liaoning*, a refurbished *Kuznetsov* class carrier purchased from Ukraine. Even if the acquisition of the first Chinese carrier does not alter the naval balance, it can be considered a symbol of the Chinese will to acquire blue-water navy capabilities in the future.

As Andrew Erickson and Gabe Collins have highlighted, "by 2020, barring a US naval renaissance, it is possible that China will become the world's leading military shipbuilder in terms of numbers of submarines, surface combatants and other naval surface vessels produced per year" (Erikson and Collins 2013). Moreover, the PLAN is improving its technological level even if it still lags behind the United States, Russia, and Japan. In fact, "China will likely reach 2013 Russian technical-proficiency levels by 2020 and may even reach 2013 US technical levels by 2030" (*ibid.*).

During the last decade the PLAN acquired around forty new submarines. From a strategic point of view, the *Kilo* class diesel attack submarines, purchased from Russia, and the *Shang* and *Jin* class nuclear powered attack submarines, which are developed domestically, are the most valuable among them. The latter is a strategic ballistic submarine,

which allows the PLAN to have a significant second strike nuclear capability (O'Rourke 2013).

Beyond submarines and surface ships, the Navy has acquired a vast array of ballistic and cruise missiles, anti-ship ballistic missiles (ASBMs), anti-ship cruise missiles (ASCMs), land-attack cruise missiles (LACMs), and surface-to-air missiles (SAMs). Observers have expressed strong concern about the DF-21D anti-ship ballistic missile, because such missiles, in combination with broad-area maritime surveillance and targeting systems, would permit China to attack aircraft carriers and other ships operating in the Western Pacific within a range of 1,500 miles. Several analysts labelled the DF-21 as a “game-changer”, since it can credibly threaten aircraft carriers and other American vessels (Erikson and Yang 2009). The PLA has also developed several types of anti-ship cruise missiles placed on the Navy's submarines, surface vessels, and land-based units along the Chinese coast. Moreover the PLAN deployed SAMs on its destroyers and frigates.

The modernization of the Air Force (PLAAF) is another extremely relevant trend in the Chinese military ascent. Most analysts defined the PLAAF as a “force in transition” (Deptula et al. 2012). Until the early 1990s it only consisted of second- and third-generation aircrafts largely based on an improved version of 1950s Soviet technology. Its main aim was to act as a massive air defence force in case of external invasion. Since the mid-'90s the PLAAF has diversified its structure and extended its military aims, including ISR (Intelligence, Surveillance, and Reconnaissance), Area Denial, strike, and—more recently—electronic warfare. This evolution, consistent with the doctrines of “Local War under Modern Conditions” and “Local War under Informationized Conditions”, called for the development of more modern aircrafts. Consequently, the PLA began to produce more advanced aircraft, such as the JH-7 fighter jet in the mid-1990s. After the mid-2000s, the PRC was able to produce a completely indigenous jet fighter modeled on the Russian Su-27 and Su-30MK strike aircraft. Moreover, the PLAAF indigenously started to develop fourth-generation jet fighters, such as the J-10 and two distinct fifth-generation jet fighters, namely the J-31 and the J-20 (Crane et al. 2007). This trend highlights the evolution of the military objectives the PLAAF is designed to pursue. In addition to interdiction and defense of the Chinese territory, it will aim to achieve capabilities for air-superiority and anti-surface and anti-ship attack within the first island chain, and—where possible—improve long transportation capabilities.

Another important dimension in the Chinese military rise is represented by the expansion and modernization of the nuclear arsenal. On the nuclear and ballistic front, the expansion of Chinese forces has been constant since the end of the Cold War. Up to the late 1990s, the PRC's nuclear capabilities lacked technological sophistication and diversification. China did not possess an operational nuclear triad and lacked a robust delivery system (Fravel and Medeiros 2010).

Since the mid-2000s, the PRC has reached the stage where it has "a full spectrum of offensive missile forces as well as a *bona fide* second-strike nuclear deterrent" (*ibid.*). As Taylor Fravel argued, the Chinese effort to modernize its nuclear arsenal is mainly directed at reaching a full mobile nuclear-strike capability; a goal that PLA leaders identified as far back as the 1970s (*ibid.*).

As a consequence of this technological progress, the PLA gained the A2AD capabilities necessary to potentially degrade US ability to near Chinese territory, to hinder the forward deployment within the area encompassing the first island chain and to prevent naval surface assets from operating in waters near Chinese shores. The PLA would be able to severely disrupt command and control, early warning, or supply capabilities for forward-deployed forces to such a degree to force potential combatants, such as the US military, to relocate to more distant locations.

As a consequence of these trends, as a recent report of the Center for Strategic and Budgetary Assessment (CSBA) states¹², "US force structure will be compelled to pay an increasingly high—and perhaps prohibitive—price should Washington attempt to conduct traditional types of power-projection operations" (Denmark Mulvenon 2010).

5. Conclusions

We can draw several conclusions about the process of military transformation the PLA embarked upon and on how the Chinese strategic culture has shaped it. Our brief description of this process highlights how it has been fundamentally influenced by the reception of two apparently opposite philosophical and doctrinal influences. On the one hand, the PLA adapted the lessons of Sun Zi to its contemporary strategic needs.

¹² The CSBA is a non-partisan think tank with close links to the Pentagon and the Defense Advanced Research Projects Agency (DARPA).

While Mao had inscribed Sun Zi's thought into his idea of people's war, contemporary Chinese strategists re-elaborated his key prescriptions and applied them to contemporary needs.

The PLA has been acquiring capabilities and developing elaborated strategies to deter and possibly defeat a stronger enemy, denying it the possibility of fighting. The A2AD strategy reflects the idea, present in Sun Zi's thought, that China can defeat a stronger enemy only by denying it the time and space to fight and by exploiting its vulnerabilities and attacking its weakest points.

The evolution of Chinese strategy since the 1990s, with the development of the anti-access strategy within the first island chain can be interpreted as an intellectual encounter between the contemporary Western concept of Revolution of Military Affairs and informatization of warfare with the traditional concepts of denial of space, indirect attack, and an asymmetric approach to warfare.

The process of technological modernization and the adaptation of the Chinese military to the contemporary post-RMA standards is aimed at fulfilling other aspects that Sun Zi deemed as central: coercive diplomacy and deterrence, or as the author of the Art of War would have said "winning without fighting". The acquisition of anti-access capabilities would allow China to exercise pressure on its neighbors in order to achieve political objectives and deter the United States and other Asian countries from escalating disputes. As a consequence, in the foreseeable future the United States would probably not be able to deter China from exercising military pressure on Taiwan as it did in the Third Taiwan Strait Crisis.

Analysts and scholars should bear these influences in mind when approaching the study of Chinese defense policies and foreign relations more generally. At the same time, the analysis of this issue should not overlook the "Clausewitzian" influence on contemporary strategic thinking. Chinese military modernization has been driven by a close correlation between political ends and military means. The entire process is aimed at fulfilling the fundamental strategic aims of Chinese foreign policy: firstly preserving a stable and secure environment for Beijing's rise; secondly, securing Chinese territorial integrity (broadly conceived, including territorial and maritime disputes), thirdly acquiring capabilities aimed at reflecting the new great power status of the country. These capabilities include the capacity to resist political and military pressure from other great powers (Sutter 2013).

The process of modernization, the acquisition of new and more advanced military capabilities, and the transformation of the PLA closely reflected the evolution of the political aims dictated by the Party and the Government. While during the 1990s the PLA aimed at building the capabilities for addressing contingencies in the Taiwan strait, the beginning of the new century brought the modernization of the PLA, which was closely inspired by the new strategic objectives delineated by the political leadership, such as deterrence of major powers and the possibility of exercising coercive diplomacy against its neighbors.

Finally, this chapter highlighted the need to take a fresh look at Chinese military modernization. The scholarship on the subject seems divided into two main strands. On the one hand close attention has been dedicated to procurement and the evolution of contemporary military doctrines. On the other, studies of strategic culture have somehow reified the influence of classic strategic thought, establishing an excessively direct correlation between the content of classic studies and contemporary Chinese doctrines (Johnston 1995). This chapter suggests that these two approaches should find a common ground. In particular, future analyses should explore how traditional Chinese strategic thinking has informed contemporary strategy, while avoiding the two fundamental pitfalls of reification of the past and excessive focus on tactical and technical details.

A Thirsty Dragon

China's Oil Diplomacy

Antonio Fiori

1. Introduction

China's economic performance over the last three decades can only be characterized as impressive and unprecedented. The country has enjoyed double-digit annual economic growth since the launch of economic reforms and openings at the end of the 1970s, presently becoming the second largest economy in the world, having overtaken Japan in 2010. China's nominal GDP climbed from \$440 billion in 1993 to approximately \$8.390 trillion in 2013, accounting for roughly 30% of the increase in world GDP (World Bank 2012; 2013). This record growth, which has allowed China to become the world's largest exporter and manufacturer, is commonly attributed to factors such as market-oriented reforms, enterprise ownership changes, and the adoption of an export-oriented and foreign direct investment (FDI)-led development strategy.

It goes without saying that the above-mentioned degree of economic growth needs to be adequately and constantly nurtured by energy supply. In parallel with its economic development, China's presence in world energy markets has increased as rapidly as its energy needs, especially since the turn of the millennium. In 2010, China surpassed the US to become the world's largest energy consumer, and in the following year China alone accounted for 71% of global energy consumption growth. China's energy utilization has increased by more than 150% during the past ten years, and its share of global energy use has nearly doubled, rising from 11% to 21% (BP 2013). Chinese growth, outstripping that of all other major countries, has sharply increased its energy needs, and has placed the country in a central position in the global energy market. China's energy consumption *per capita*, which has always been very low, has also rapidly increased, and is now high in comparison with

non-OECD countries, though still only around one-third of the OECD average. In 2009, Chinese energy consumption *per capita* was just 20% of *per capita* use in the United States; however, over the past decade Chinese *per capita* use has risen sharply, by over 130% (Cohen and Siu 2012), and energy consumption *per capita* has increased at a growth rate of 46.7%. Within 10 years, the country's rapid urbanization will have turned China into a highly urbanized society, and projections from the UN indicate that by 2035, the Chinese urban population will total close to 1 billion people. This represents a potentially dramatic increase in *per capita* energy consumption, and it assumes relevance also for the future of the environment, as an increase in *per capita* energy consumption will be reflected by an increase of average emissions of CO₂ *per capita*, worsening a general situation which is already critical.

This chapter attempts to provide an overview of China's external initiatives for satisfying its domestic thirst for oil. The analysis begins by discussing the tremendous importance oil has for China, in consideration of its vital significance in sustaining the economic growth and the modernization of this gigantic nation. It then discusses the recent development of oil strategy in China, with a particular focus on the "going out" strategy. The chapter continues by discussing China's policy of diversification, developed over the past two decades in an effort to secure a stable and adequate supply of oil, the main difficulties China has encountered in realizing this goal, and how it has attempted to overcome them. The chapter concludes with an analysis of the impact that energy security has had on China's foreign policy and a projection of future developments.

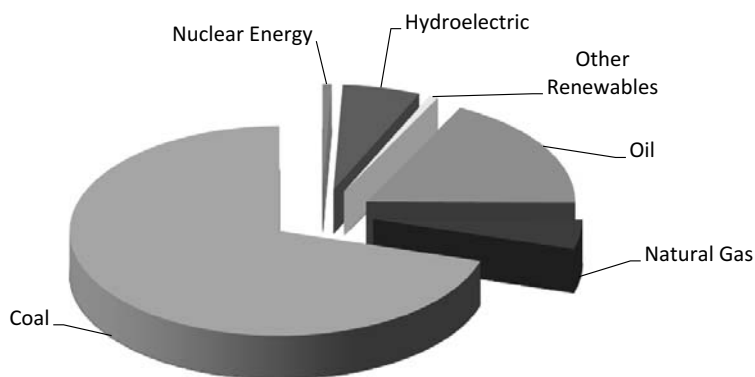
2. The dragon's oil voracity

Energy is definitely the key to economic development in China. As the country's economy continues to expand, China's energy needs become more intense. To meet these demands, China faces a range of choices. There is no costless solution for energy, and all energy sources available create their own sets of issues. The rapid rise in China's demand for energy has mainly been met by "dirty sources", which is an undesirable yet unavoidable option (Wang and Li 2005). Coal, in particular, is still the major source of energy in China and, despite the fact that the PRC is the largest consumer of coal in the world, demand continues to increase. China's demand for every primary form of energy is forecasted to increase over the next decades, but the basic structure of the

country's energy mix is not expected to change significantly, unless a series of political and technological changes were to make other fuels more competitive.

Though oil represents only slightly less than 18% of its total energy consumption, China is highly dependent on its oil imports, the stability of which it has not yet adequately secured. Oil is China's second-largest energy resource, and it has become vital to the support of the industrial and building sectors, as well as transportation, since the Chinese automobile industry is undergoing rapid expansion. China's automobile market, in fact, emerged as the largest in the world in 2009, with total vehicle sales reaching 13.6 million, and jumping to almost 18 million in 2013.

Figure 1. *China's Primary Energy Consumption by Fuel Type, 2011*



Source: US Energy Information Administration (2011)

Hydrocarbons, and oil in particular, are the resources on which China's development depends, and the drivers of China's dynamic growth. Consequently, the country's growing oil deficit is the issue at the heart of China's energy insecurity. This dependence on foreign supplies has implications for both China's energy security and its foreign policy. Oil is the only fuel that China imports in substantial quantities, and is thus the resource China is most concerned about securing. Moreover, Chinese efforts to reduce the country's dependence on oil imports and to secure and diversify energy supplies are also increasingly influencing China's international behavior. While Beijing's priorities vary by country, China's oil interests will continue to shape its foreign policy on non-oil issues as well.

Although China is the world's fourth largest crude oil producer, and progress in drilling technology has increased domestic production, the country has gone from being one of the largest exporters of oil outside of the Organization of the Petroleum Exporting Countries (OPEC) in the late 1980s to importing half of its oil needs by 2012. Over the past two decades, Chinese oil consumption has quadrupled to more than 10 million barrels per day (EIA 2014), and in 2009 China became the world's second largest oil consumer, behind the US; China is expected to surpass the US as the world's largest consumer of oil in 2014. The Chinese market alone is responsible for 40% of the global increase in oil demand since 2000, and the Chinese demand for oil is projected to continue its steady increase at an annual rate of 12% through 2020 (Jiang 2004).

Overall, China's rapid economic growth and rising demand for petroleum, particularly in the burgeoning transportation sector, have resulted in a correspondingly steep increase in imports. Although using a greater percentage of oil for electricity production, instead of coal, would diminish greenhouse gas emissions, China's leaders are reluctant to further increase China's dependence on foreign oil and the corresponding necessity to pay for imported energy supplies with precious foreign exchange. Half of China's oil imports are from the Middle East, although African countries, particularly Angola, have begun contributing more to China's imports in recent years. According to EIA, not only did China become the largest net oil importer in 2014, but it will import over 66% of its total oil by 2020 and 72% by 2040, as demand is expected to grow faster than domestic crude supply (EIA 2014). There is consensus among experts that China's domestic oil supply will continue to fall short of demand. China's largest oil fields are mature and production has peaked, leading companies to focus on developing largely untapped reserves in the western interior provinces and offshore fields. Domestic oil production has been increasing and reached 4.5 million barrels per day in 2013, due to an acceleration both in domestic exploration and production. Nevertheless, these improvements will only slightly offset the decline of production, and imports will play an increasing role in meeting China's demand for oil. China's national oil companies will also face immense pressures, including the lack of a sufficient Strategic Petroleum Reserve (SPR), the dramatic fluctuation of global energy prices and rising domestic energy prices.

To ensure that the country remains competitive in the struggle to secure the resources necessary to sustain its explosive rates of growth,

China has crisscrossed the planet, searching for new investment opportunities and competing for every promising asset which appears on the market. State-owned enterprises typically deal with the formal aspects of these acquisition agreements, but the government has also sought to establish strategic alliances between Chinese national energy firms and those of major energy-producing states in Africa, Latin America, Central Asia, and the Middle East. In its global hunt for resources, China has often viewed India as a strong competitor. The two countries have, in some cases, stepped up the competitive pressure by trying to outbid one another, but they have also pioneered some forms of cooperation. Since 2005, Chinese and Indian energy officials have been meeting regularly to promote cooperation in the pursuit of overseas energy assets, and in the development of large infrastructure projects like oil and natural gas pipelines (Klare 2008).

Even though China is a latecomer to the international oil industry, the Chinese come equipped not only with oil field skills but the willingness and financial resources to pay a premium to get into the market. Chinese leaders appear to have had three key priorities since the country became a net oil importer: first, to diversify the country's sources of imported energy; second, to rely as much as possible on suppliers with overland, rather than maritime, connections to China; and third, to entrust the procurement of foreign energy supplies to state-controlled firms. Most analysts expect that China will continue to diversify import sources to reduce the risk of further global supply disruptions and uncertainty surrounding some areas of the world, notably the Middle East. Diversification as policy is evident in the steady expansion of its sources of supply. In 1996, two-thirds of China's imported oil was from just three countries: Indonesia, Oman, and Yemen. Since then, the country has rapidly diversified its suppliers, signing new agreements with producers such as Algeria, Chad, Nigeria, and Venezuela. Whenever possible, however, China, has preferred ties with producers on its periphery that are capable of delivering oil by overland pipelines, such as Kazakhstan, Russia, and Turkmenistan. China has been able to realize this strategy by improving the integration of the country's domestic oil pipeline network, as well as by establishing international oil pipeline connections with neighboring countries.

In light of its national interest in oil security, Chinese national oil companies (NOCs) have invested in international projects to develop technical expertise in unconventional resources, and to capture value upstream. They have also formed strategic commercial partnerships

with international oil companies (IOCs), and signed long-term contracts. The NOCs have purchased assets in the Middle East, North America, Latin America, Africa, and Asia. China is using its vast foreign exchange reserves—over \$3 trillion in 2012—and the current economic crisis to help the country purchase equity in projects or acquire stakes in energy companies (EIA 2014). Chinese officials have invested billions not only in procuring imported oil and natural gas, but also in gaining access to promising foreign reserves.

The Chinese government has also directly sought ties with exporting countries, and has exhibited a preference for forging alliances between Chinese state-controlled firms and the national oil companies of major supplying countries. These alliances establish political bonds between the two countries and allow for maximum participation by government officials in setting the guidelines for future deals. The signing of these accords, such as in the case of the Sino-Russian or Sino-Venezuelan agreements, is usually accompanied by numerous diplomatic activities and promises of cooperation on other endeavors. Chinese banks have worked in coordination with the Chinese oil companies and made multibillion-dollar loans to a number of countries that will be paid back in the form of oil and gas over a number of years. This behavior has engendered numerous controversies. Particularly in Africa, Chinese government-funded development packages, which include helping to build railroads, harbors, and roads and which make them partners of choice, have sometimes been considered as a modern form of colonization (Alden 2007, in particular ch. 4). China replies to this charge by saying that it is endowing the African continent with the basic infrastructure it lacks and creating markets for African commodity exports. It further argues that export earnings are better than foreign aid and do more to stimulate lasting economic growth, and that the relationship is thus founded upon a “win-win cooperation” strategy.

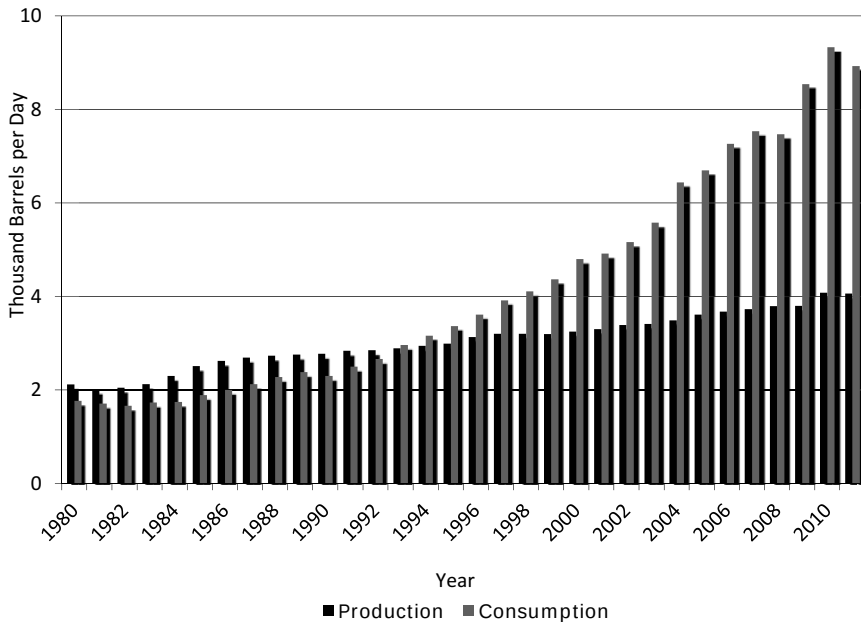
In sum, for the foreseeable future China’s growing dependence on imported energy will not be reduced, but probably only limited in the rapidity of its growth. In coming decades, China’s destiny is to rely more and more on the outside world to satisfy its thirst for oil, notwithstanding its considerable efforts to control domestic demand. For this reason, China’s leaders are pursuing a variety of supply-side policies to ensure their country’s future access to oil supplies.

3. The NOCs' "going out"

79

At the beginning of the 1990s, China was confronted by a dramatic new reality: its outstanding economic performance, over the course of the previous decade had substantially increased internal oil demand, and the immediate result was that the country had lost its cherished status as "self-sufficient" with respect to oil, and found itself incapable of meeting domestic oil needs on the basis of domestic production. Until that moment China had been considered an oil exporting country, but in 1993 it imported 9.88 million tons of oil, becoming a net oil importer.

Figure 2. *China Crude Oil Production and Consumption by Year*



Source: US Energy Information Administration (2011)

This situation fundamentally altered China's entire energy outlook, and pushed the country to become more actively involved in foreign energy markets. In addition, after having entered the group of oil-importing nations, China officially became a net energy importer in 1997, and thus began seeking a strategy designed to stabilize and secure its access to foreign energy resources. This condition fit perfectly with the CPC's guiding principle of opening China to the outside world. Already

in 1982, Hu Yaobang, then CPC secretary general, had announced that the Secretariat of the Central Committee had unanimously concluded that “to achieve modernization, China must utilize two types of markets—domestic and foreign markets, and master two types of skills—organizing domestic construction and developing foreign economic relations” (Kong 2010). Two years later, the Third Plenum of the 12th CPC Central Committee adopted the strategy enunciated by Hu as the main guidelines for China’s economic reforms. China’s President, Jiang Zemin, endorsed this position, followed by Premier Li Peng who, in an article titled *China’s Policy on Energy Resources* summed up the guidelines for the development of the country’s petroleum industry, making clear that “the development of the petroleum industry [in China] should place its basis at home and gear toward the world” (Li 1997), meaning that China should get involved in the exploration and production of oil and gas both in the country and overseas. China’s conviction was that not only was the energy market characterized by instability, but also that the system was created and dominated by Western powers. Therefore, the implementation of a different strategy, according to which it was possible to purchase direct control of imports, or of the transport systems through which China imports oil, was deemed necessary.

Therefore, to secure strategic access to oil imports, the Chinese government adopted the “going out” (*Zouchuqu Zhanlue*) strategy, encouraging its oil companies to share overseas oil and gas resources (Xu 2006). This energy strategy was embraced in line with the general reform policies of the time, which aimed to convert the loss-making state-owned enterprises into a modern enterprise system through corporatization and the formation of large enterprise groups (Xu 2002). In 1982, China established the China National Offshore Oil Corporation (CNOOC) to handle offshore explorations and joint contracts with foreign oil companies; the following year, the state-controlled ministries of Petroleum, Chemical and Textiles were incorporated to form the China National Petrochemical Corporation (SINOPEC), and in 1988 the MPI underwent a restructuring process to form the China National Petroleum Company (CNPC). These three NOCs now comprised China’s petroleum industry. The Chinese oil companies (the NOCs) were among the first groups encouraged to expand into world-class corporations and to pursue direct, physical control over the oil produced in a given country (Lieberthal and Herberg 2006). NOCs have been involved in acquiring equity stakes in a number of foreign oil exploration and production projects, building pipelines and well as setting up long-term supply contracts,

approaches which serve to enhance direct control over energy supply (Chen 2008). The “going out” policy envisions government support for foreign investments on the part of NOCs that secure oil resources at the source and/or are involved in oil exploration and production. As a result, China’s overseas equity oil production has dramatically increased, from 140.000 bbl/d in 2000 to over 1.5 million bbl/d in 2011 (EIA 2014.).

Through the implementation of the “going out” strategy, therefore, China has sought diversification of supply and transport routes in order to avoid dependence, increasing the number of major suppliers of crude oil and trying, through the construction and improvement of domestic pipelines, to deal with transportation vulnerability. In addition, China has also significantly increased its refining capacities, in order to meet its growing demand. In 2001, China’s daily refining capacity was 5.643 thousand bbl/d, but by 2011 it had almost doubled to 10.834 thousand bbl/d (BP 2013). Chinese national oil companies are investing in their refining capacities, and this is crucial to the country’s efforts to gain greater control over the oil production process. The strategy, therefore, clearly reflects worries over the reliability of international markets and oil price fluctuations. Chinese leaders believe that equity oil can be useful in times of market disruption or during price hikes to mitigate negative impacts on the Chinese economy. In addition, the Chinese government hopes its NOCs will eventually increase the scope of their activities to the point where they can influence international energy markets and therefore give China a much greater say in international energy trade. Many Chinese think tanks and energy experts thus strongly recommend approaches that secure direct control of oil (Lewis 2007).

One of the results of the “going out” initiative was that NOCs established footholds in Africa, Central Asia, and Latin America, strengthened their presence in the Middle East and thereby have exponentially increased the number of foreign upstream projects; often, in their capacity as newcomers, they have had to invest in expensive or difficult projects. However, CNPC, the largest NOC, has been successful in rapidly expanding its presence worldwide, covering both upstream and downstream activities. In most cases, the NOCs have had the ability to choose their foreign ventures and acquisitions, based on business interests. However, when faced with deals involving low commercial feasibility but high strategic benefit, the NOCs sometimes still go ahead with the deal, encouraged and supported by the government.

The “going out” strategy was also supported by an effort of “summit diplomacy”, since the leaders understood that they had to strengthen relations with other oil-producing nations. China attaches utmost importance to leadership summits and bilateral meetings which serve to signify a high level of commitment to its energy projects. In the period between January 2004 and January 2007, President Hu Jintao visited 15 African countries, while the Foreign Minister visited an additional 22 in the same period and the Premier Wen Jiabao another eight. It is noteworthy, for example, that upon his appointment as president, Hu Jintao decided to visit the Middle East and Africa first, and went to the US only later.

The Middle East, home to two-thirds of the world’s oil reserves, was visited by President Jiang Zemin, who went to Saudi Arabia three times between 1999 and 2002, and Hu Jintao, who went there in 2006, elevating China and Saudi Arabia’s relationship to one of strategic co-operation. Chinese leaders also visited Iran, and in 2002 Jiang sought a closer relationship between the two countries on the basis of energy security cooperation, frustrating Washington’s attempt to convince China to sanction Iran for its nuclear weapons program development. Africa was no less important than the Middle East for the Chinese leadership: Hu Jintao’s trips to Gabon, Egypt, and Algeria in 2004, for example, resulted in oil cooperation agreements, while former president Jiang Zemin’s visit to Libya in 2002 led to a cooperative agreement between CNPC and the Libya National Oil Company. Beyond these frequent visits to the Continent, Jiang launched the idea of creating a Forum on China-Africa Cooperation (FOCAC) in 1999 that was started as a meeting at the cabinet ministerial level in 2000. Since then, the FOCAC has been held every three years, and in 2006 it was recognized as a summit meeting. In 2012, 50 foreign ministers and ministers responsible for international economic cooperation or their representatives from China and African states attended the conference, and this huge participation illustrates the significance of the African continent to Chinese energy security. Russia is another important actor with which China has sought active cooperation. In December 2002, Jiang and Russian President Putin reestablished their strategic partnership at a summit meeting, and began to officially promote energy cooperation. The following Chinese president, Hu, has continued lobbying for Russian oil, visiting Putin and asking for his intervention to deal with Japan’s “disturbance” of the East Siberia oil pipeline project. In addition, Hu also visited Kazakhstan in 2004 and agreed on the building of the Atasu-Alashankou oil pipeline, and has signed several contracts

with Uzbekistan. In addition, the Chinese leadership has made efforts to open “new frontiers”, strengthening its relations with Latin America, in particular Brazil and Argentina, but also with Venezuela. When Chavez visited China at the end of 2004, China invested several million dollars in Venezuela’s oil fields, and in the following year both nations agreed upon resource cooperation. As a result, in 2009, Latin America was the source of 6.5% of China’s oil imports, and 5.5% of its oil and natural gas reserves. The current leadership has confirmed the importance of strengthening the friendly relations with their “oil allies”, as evidenced by the recent visits of President Xi Jinping and Premier Li Keqiang to a number of states in Asia, Africa, Europe, and Latin America.

China’s energy partners are often smaller developing nations or diplomatically sidestepped countries that are very honored to host high-level visits from China and to attend pompous receptions in China, which support smooth negotiations.

4. The need for oil supply diversification

Prior to becoming the Prime Minister of the United Kingdom, Winston Churchill acted as the First Lord of the Admiralty for the British Navy. It was in that role, before World War I, that Churchill converted the British Navy from coal-power to oil, making the British fleet faster than the German Navy. In doing so, Churchill recognized that a new vulnerability had been created: coal was a domestic product, but oil had to be imported. Relying on oil meant that the British Navy would, for the first time, be dependent on foreign sources of fuel. It was as First Lord of the Admiralty, leading up to WWI, and in the context of the British Navy’s new dependence upon imported oil, that Churchill declared: “Safety and certainty in oil lie in variety and variety alone” (Yergin 2006). What he meant was, quite clearly, a variety of oil suppliers.

It seems that over the last two decades the Chinese have understood this lesson, and have begun to take Churchill’s advice into serious consideration. Back in 1995, in fact, China was almost completely dependent on just two regions—the Persian Gulf and the Asia Pacific—upon which it relied for fully 88% of its crude oil imports (Downs 2006). By 2005, however, China had begun to diversify its mix: this was evidenced by the fact that that year the African continent accounted for 31% of China’s imports, with an additional 10% coming from the Americas and Russia, as all three regions became significant sources of Chinese

energy supply, and vital elements of its strategy of diversification. This, however, did not solve the general difficulties: the first is that China remained reliant on the Middle East as it had traditionally been: not only in 2005, but also today the Middle East still is the main source of energetic supply for the Dragon. The other problem is given by the fact that, being more reliant on the Middle East and Africa, China has become even more dependent, as we will see, on the Strait of Malacca, through which 80% of China's oil imports must pass *en route* to the mainland, and which—because of its geographic conformation—represents a sort of bottleneck beset by numerous hindrances, such as piracy, traffic jams, collisions (Lai 2009), and the concrete possibility of eventually being controlled or blocked by another, more powerful, actor.

Against this backdrop, one possible solution China has actively sought to implement is the integration of the country's domestic oil pipeline network and, above all, the establishment of international oil pipeline connections with neighboring countries. In 2012, the domestic network was constituted by 14,658 miles of total crude oil pipelines (67% of which are managed by CNPC, and the remaining 33% by other NOCs) and 11,795 miles of oil products pipelines (EIA 2014). The bulk of China's oil pipeline infrastructure serves the more industrialized coastal markets and the northeastern region, but several long-distance pipeline links have been built or are under construction to deliver oil supplies from the northwestern region or from downstream refining centers to more remote markets in the central and southwestern regions (*ibid.*).

Table 1. *China's Crude Oil Imports by Origin (% share)*

Crude oil imports from	1990	1997	2005	2006	2008	2010
Middle East	39%	48%	46%	44%	46%	46%
Russia/Central Asia	n/a	n/a	11%	11%	10%	10%
Atlantic Basin	n/a	n/a	23%	5%	3%	3%
Asia Pacific	60.0%	26.2%	8.0%	4.0%	n/a	n/a
Africa	0.0%	16.7%	n/a	32.0%	23.0%	22%
Others	0.0%	9.6%	12.0%	4.0%	18.0%	19%
Total	100%	100%	100%	100%	100%	100%

Source: Zhang 2011

The Middle East region, in general terms, is a “maximum weight” in energy resources: Saudi Arabia, Iran, Iraq, Kuwait, the United Arab Emirates, and Qatar together hold 66% of the world’s proven oil reserves (OPEC 2012). Due to this extreme richness, as it has already been highlighted, the Middle East has traditionally been essential to China’s pursuit of energy security, and the relations between the two are close and intimate. Among the reasons for this friendship is Beijing’s policy of non-interference, which differentiates it from Western importers. In 2013, however, almost 52% (2.9 million bbl/d) of China’s oil imports came from the Middle East region, and Asian demand for Middle Eastern oil is constantly growing (EIA 2014). In addition, with the modification of the United States’ role in the region—both the reduction of its military presence and the strong decline in its demand for Middle East oil—there is a concrete possibility that China will increase its influence in this region, as, beyond oil, Beijing also nurtures economic, military, and diplomatic relations with many of the countries in the region.

The history of Sino-Saudi Arabian relations is relatively recent, with the two countries establishing diplomatic relations only in 1990, shortly before the outbreak of the Persian Gulf War (Kumaraswamy 1999). Since the mid-1990s, however, leadership exchanges regarding oil have become frequent: Saudi ministers overseeing the oil sector, or departments of finance or trade have visited China several times, and China’s president, Jiang Zemin, went to Saudi Arabia in 1999, and oversaw the signing of a memorandum on petroleum cooperation (Lai 2007). China-Saudi Arabia relations tightened in the wake of 9/11, as a consequence of the tension that originated between the Saudis and the Americans. This situation created a substantial advantage for China and its explicit non-interference clause, which forbids the Dragon to become involved in any domestic affairs of any state with which it is negotiating. In the field of energy this attitude creates an incommensurable advantage. Saudi Arabia not only found in China an ally with similar positions, but also an actor that could be of help by playing a more active role on the international scene. This was strongly reaffirmed with the Iraq War in 2003, when the Saudis were pleased that China openly objected to the use of force, and in the wake of Saddam Hussein’s overthrow, when officials of the two countries worked together opposing an occupation of Iraq while supporting post-war reconstruction in accordance with the U.N. charter. In 2004, China and Saudi Arabia formally agreed to regular political consultations with one another (Alterman and Garver 2008). In those years Saudi oil exports to China increased and China-Saudi energy

cooperation deepened: SINOPEC, one of the NOCs, obtained the right to extract natural gas in Saudi Arabia's al-Khali Basin. After ascending to the throne in 2005, King Abdullah bin Abdulaziz Al Saud visited China in 2006, his first foreign destination as king, and signed an agreement on economic cooperation.

In sum, it seems that Saudi Arabia is the most attractive of the pathways on which China is walking in the Middle East region. It is a trustworthy ally that is willing to supply China with a stable amount of oil, which at present comprises 20% of Beijing's crude oil imports, making Saudi Arabia the leading exporter of oil to China. Additionally, Chinese imports of Saudi Arabian oil have been increasing at a significant rate, to the extent that China became the world's leading importer of Saudi Arabian crude in 2009. In theory, this singular increase contradicts one of the core elements of the "going out" strategy, which is the avoidance of dependence on a given supplier, but can be easily understood by looking at the strong diplomatic alliance fostered by a mutually perceived threat by the US, as well as by the pressures which Western political norms—elections, medial control, human rights—exert on them.

Being the second largest producer of oil in the Middle East, Iran is another important partner for China in terms of energy. Relations between the two, formally established only in 1971, deepened after the events of Tiananmen Square, when China was estranged from the West, and found in Iran a means through which to increase its influence in the region. When, in 1993, China became a net importer of oil, Iran became one of its chief suppliers, a position it has kept to this day. Even though Iran's oil production level is significantly lower than that of Saudi Arabia, there is a strategic convenience for China in maintaining intimate relations with Teheran: the various sanctions that have been imposed on Iran by several actors, in fact, give Beijing the opportunity to act almost undisturbed in the Iranian oil market. This is particularly attractive for advancing the Chinese "going out" strategy. CNPC, for example, is developing an oil field in South Azerdegan, while SINOPEC is investing in the Yadvaran field (Seznec 2011). Involvement in Iran is relevant for China to diversify its search for energy security, while for Iran it is important to be provided with the necessary capital to further develop its energy sector, which has been unable to develop after the imposition of sanctions.

In 2012, however, as a result of a nearly 20% decline in its oil imports to China, Iran fell from its traditional position as the third largest oil exporter to Beijing, to the sixth. This collapse was the result of

a contract dispute between SINOPEC, China's key oil importer, and the National Iranian Oil Company, regarding prices and payment periods (EIA 2014). Even though this dispute was settled by mid-2012, China reduced its oil imports from Iran so as not to harm its relations with both Europe and the US in the face of global sanctions imposed on Iranian crude oil sales over disagreements regarding Iran's nuclear program.

China has also maintained good relations with other actors in the region, such as Yemen and Oman, both important oil suppliers to Beijing.

China's reliance on the Middle East is, of course, not without difficulties: since the region has become its chief oil supplier, Beijing has always been concerned about the potential political instability of the region, especially after 9/11. Therefore, China has decided to turn its attention to the African continent, reinforcing its relations with some countries, especially Angola, Sudan, the Democratic Republic of Congo, Nigeria, and Equatorial Guinea, thus very recently becoming the continent's largest trading partner. Apart from the long engagement process between Beijing and the African continent, based on shared colonial experiences, and the intense focus China has placed on that continent in the wake of the 1989 Tiananmen events, in order to distance itself from the main actors in the international community that had applied sanctions, Africa is relevant to China because its oil industry is open to foreign investment. In Africa, China has been actively supporting its energy suppliers with debt relief, aid, and investment for several years. A good example of aid and energy connection is China's activity in Angola, where it secured a major oil deal in 2004 with a \$2 billion loan and aid package, including funds for Chinese companies to build infrastructure, hospitals, schools, and offices, lay a fiber optic network and train Angola's telecommunication workers (Hanson 2008). Based on these loans, usually provided by the China Exim Bank, Chinese companies are contracted to undertake required projects and are directly paid by the bank, which writes down the contract amount against oil sales made to the Chinese government. Significantly, the loans are provided on terms that are generous in comparison to oil-backed financing provided by European and American banks. The China Exim Bank loan is tied to the agreement that the Angolan funds allocated for the construction and civil engineering contracts tabled for Angola's reconstruction will be primarily (70%) awarded to Chinese enterprises approved by the Chinese Government (Corkin 2011). It is evident that this process, which is becoming the standard for Chinese investment in Africa, is particularly advantageous for the Dragon. In addition, China's

non-interference policy places it in a position of strategic advantage with respect to many African states, especially those that—due to their lack of democracy and human rights violation—have been historically shunned by the European Union and the US. China's ties are thus totally free of any ideological or security obstacles, as well as of any links to past hostilities between the West and these countries (Lai 2007). Finally, Africa is also appealing for China because the continent's crude is of a high quality and low in sulphur, which is especially important for China as it lacks adequate refinery capacities for the heavier crude coming from the Middle East (Shin 2007).

Chinese influence in Africa has also been augmented by a generous policy of debt-forgiveness. After the launch of FOCAC in 2000, China announced a policy of debt-forgiveness for all heavily-indebted, poor countries on the continent with which it maintained diplomatic relations, and proceeded to cancel the outstanding debt which these countries owed China on interest-free loans maturing by the end of 2005. This cancellation involved 310 debt packages from 35 countries.

In recent years, China has also stepped up its oil cooperation with Latin America. Between 2000 and 2010, China-Latin America trade expanded by over 1,500%, and between 2008 and 2010 alone China's investment in the region expanded by more than 180% (Ferchen 2012). China's partner countries in this region include Venezuela, Brazil, Ecuador, Mexico, Cuba, Costa Rica, Peru, Argentina and Columbia, with the first three of those countries involved in nearly 80% of the Chinese oil-linked projects. Just as in Africa, according to the principle of non-interference, China pays no attention to the political "color" of the administration that rules a certain country. Beyond a large number of loan-for-oil deals with Venezuela, Brazil, and Ecuador, in 2010, thirteen large new deals were made by Chinese oil companies in Latin America, including the mergers and acquisitions of the regional assets of international oil companies such as Repsol, Pan American Energy, and Occidental Petroleum (Sun 2012). Given the new offshore discoveries in Brazil and the huge proven reserves in Venezuela, it seems likely that China can rely on Latin America to further diversify its supplies.

Venezuela is probably the most significant Latin American actor for China. Energy cooperation between these two countries started in 1985, with the ratification of a protocol on scientific and technological cooperation in oil surveys and exploration. After this period of exploration of forms of collaboration, the two governments signed an agree-

ment on joint oil exploration in 1996. Since then, the cooperation has deepened, reaching a peak during recent times, when China extended big loans to Venezuela, agreeing to provide more than \$32 billion to President Chavez's government. Venezuela has agreed to pay its debt in increasing amounts of oil, over the next decade. The relationship, which was probably driven by Chavez's eagerness to form non-US alliances, was also advantageous for Chinese companies, since Venezuela has been exporting about 460,000 bbl/d to China, i.e., about 20% of its oil exports, an amount that is expected to increase.

In Argentina, Chinese companies have even replaced US and British corporations in controlling lucrative natural gas and oil resources. In 2010, the state-owned Chinese oil company CNOOC entered into a 50-50 joint venture with Bidas Energy Holdings Ltd., a family-owned Argentinian company. The joint venture then bought out the British company BP's shares in Argentina-based Pan American Energy, giving it 18% of Argentina's oil and natural gas production. In the following year, the venture also purchased US-based Exxon Mobil Corporation's interest in Argentina, Paraguay, and Uruguay, including a refinery and more than 700 service stations. China also controls 50% of Argentina's largest oil field, Cerro Dragon, and will control all the oil and gas reserves in the far southern Argentine province of Santa Cruz over the next 40 years, deals that became anti-government campaign issues in provincial elections.

China's commercial ties with Brazil continue to grow. About 14% of the South American country's oil production went to China in 2009, and that portion is expected to expand because Brazilian oil company Petrobras signed, in the same year, a 10-year deal with Chinese-owned Unipet Asia to export 150,000 barrels of oil a day in the first year. The deal calls for exports of 200,000 barrels a day for the next nine years. At the same time, Petrobras secured a \$10 billion, 10-year loan from the China Development Bank.

The diversification of suppliers aims to reduce China's dependence on the Middle East and on international maritime routes, concentrating on regions such as Russia, Central Asia and Myanmar instead. Expanding transport routes is thus a central element of the diversification of energy suppliers. The diversification of its oil and gas suppliers is closely connected with the diversification of energy transport routes and an increase of their security, which together comprise the central goals of China's approach to enhancing energy security. The rest of the policy

90 | measures (i.e. investments in exploration and production, sponsoring NOCs and promoting equity investments, as well as energy diplomacy) aim to serve these goals.

China's dependence on the Strait of Malacca and other sea lines of communication (SLOCs) is the key cause of anxiety for the Chinese government, and therefore strenuous efforts have been made to devise and execute policies to reduce dependence. These include diverting transport routes away from the SLOCs, and emphasizing pipelines and other land-based options as well as policies for alleviating the existing threats to strategic transport routes. Pipelines are preferred to maritime routes because they are thought to be both cheaper and more secure. Beyond the recently inaugurated pipeline that connects Myanmar to the Chinese province of Yunnan—which will be discussed in the following section—two important pipelines are the one extending from Alashankou to Dushanzi, and the East Siberia-Pacific Ocean (ESPO) oil pipeline with a spur to Daqing in China.

Central Asia, and Kazakhstan in particular, is an important new source of oil supply for Beijing. Energy cooperation between China and Kazakhstan was officially begun in 1997, when Vice Premier Li Lanqing signed an agreement on energy cooperation (Lai 2007). The most important outcome in this relation was represented by the oil pipeline that connects Alashankou, on the western borders of the Xinjiang region, and Atyrau, the northern harbour of the Caspian Sea in Kazakhstan. The pipeline, completed through a triple-step construction (the first one from Aktobe to Atyrau completed in 2003; the second from Atasu to Alashankou in 2005; and the third line from Kenkiyak to Kumkol in 2009) has an overall length of more than 2,228 kilometers, and it was realized through the common effort of CNPC and the Kazakh oil company KazMunayGas. Through this pipeline, China is provided with 200,000 bbd per day, but expansions are underway on the Atasu-Alashankou section to nearly double the capacity in 2014. In Alashankou, the pipeline is connected with the Alashankou-Dushanzi crude oil pipeline—constructed by the CNPC and operational since December 2005—which has a capacity of 10 million tons of oil per year and mainly supplies the Dushanzi refinery. In February 2011, the Chinese President Hu Jintao and his Kazakh counterpart, Nazarbayev, had a summit and discussed the construction of a second China-Kazakhstan pipeline. China promised its support with a \$1 billion loan to Kazakhstan to construct a petroleum refinement facility at the shore of the Caspian Sea.

Russia has periodically expressed a strong desire to tap Asia's booming energy markets, not limited to China, but also including those of India, Japan, and South Korea (Jakobson *et al.* 2011), even though most of Russia's oil continues to be delivered to Europe. Since 1999, China and Russia have been edging toward a strategic partnership, holding annual bilateral energy cooperation talks as part of regular Sino-Russian meetings (Lai 2007), and Russia has become one of the principal oil suppliers to China. Before 2011, China's crude oil imports from Russia were transported by rail, but this represented a real problem for Beijing, because Siberia's harsh weather conditions caused delivery disruptions, and capacity depended on a limited number of Russian tanker wagons. To overcome these difficulties—and, at the same time, to benefit from geographic proximity and lower operating costs, and to stabilize supply—China deemed the building of a pipeline of vital importance. The decision over where to build the pipeline, however, encountered some difficulties: China sought an exclusive pipeline to northeast China, while Japan lobbied for a route to Russia's Pacific coast (Taishet-Nakhodka). It was not easy for Moscow to make a decision on this issue: the line with China was undoubtedly cheaper and lead to a more prosperous and promising market, but an exclusive China pipeline bore the risk of giving China strong leverage in price negotiations; on the other hand, the Pacific line would have given Russia the possibility of connecting to a multitude of Asian markets, but with the risk of alienating China. Ultimately and conveniently, Moscow decided to build the East Siberia-Pacific Ocean (ESPO) oil pipeline with a spur to Daqing in China, despite concerns over insufficient supply. The first stage of the ESPO included the construction of a 600,000 bbl/d pipeline from Taishet to Skovorodino.

In early 2006, following a series of meetings between Russian President Putin and the Chinese leadership, it was decided that the spur to the ESPO towards China had to be built, even though the construction began as late as in February 2009, after a "loan-for-oil" agreement had been reached in which the China Development Bank granted \$25 billion in soft loans to the largely state-owned Russian oil company Rosneft and the Russian pipeline monopoly Transneft. In exchange for the Chinese loans, Russia pledged to sell China 15 million tons of oil annually over a period of 20 years, starting in 2011 (Jakobson *et al.* 2011). The Chinese section of the pipeline spur, realized by the CNPC, was put into operation in January 2011, and most of the oil is refined in the Liaoyang refinery near Daqing. The second stage of the ESPO came

online at the end of 2012 and delivers oil to the Russian Pacific port of Kozmino, near Nakhodka, from where the Russians have the option to deliver more crude oil to China by sea. Russia's intention is to further expand ESPO's transmission capacity to Skovorodino by 2018, so as to augment the supplies to China. In the meantime, Rosneft has agreed to send 140,000 bbl/d of Western Siberian oil to China through the expanded pipeline from Kazakhstan to western China, starting in 2014, until the ESPO spur to China will be brought to full capacity (EIA 2014).

The two pipelines analyzed here—and the one from Myanmar—are directly connected to China without passing through any other nation. In addition, China is planning to construct a 4,000 kilometer pipeline connecting Kashgar in the Xinjiang region to Gwadar Port in Pakistan, and a 2,560 kilometers pipeline connecting Iran and China through the Indian Ocean. The practical effects of this new infrastructure are thus pivotal for the diversification of China's crude oil import routes because they avoid the jammed traffic of the Strait of Malacca. However, Western analysts tend to believe that pipeline projects close to the Arabian Sea do not minimize Beijing's vulnerabilities in the Strait of Hormuz, between Iran and the United Arab Emirates, through which two-fifths of China crude oil imports pass every year (Lai 2010). Other alternatives could be a high-capacity railway across Southeast Asia, linking China to Singapore, or a canal across the Isthmus of Kra, linking Thailand's north and south borders, that would allow tankers carrying crude oil from Africa and the Middle East to bypass the Strait of Malacca (Cáceres and Ear 2012).

5. Energy security: the “Malacca Dilemma” and its alternatives

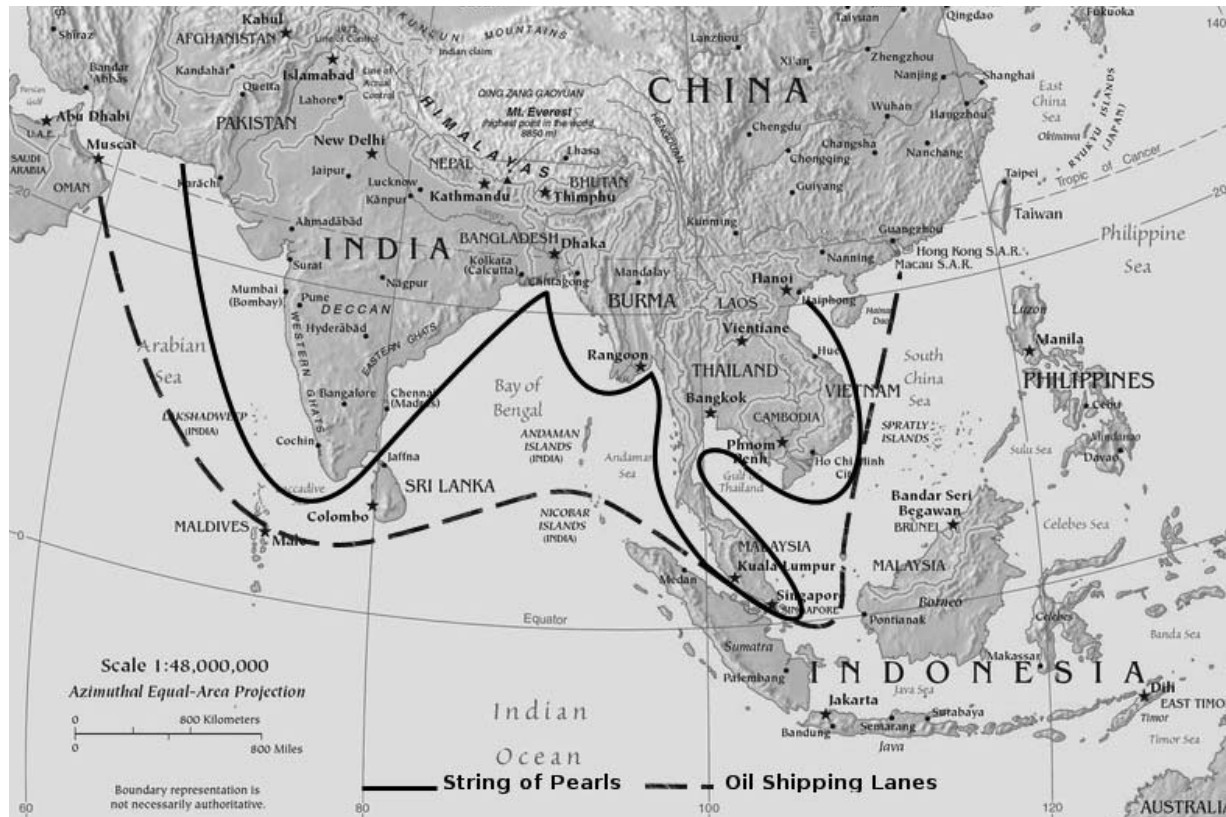
China's growing reliance on seaborne oil imports has raised serious concerns regarding the security of the SLOCs through which its oil shipments flow. There is particular concern about China's imports coming from Africa or the Middle East, given the strong reliance on these regions in terms of energy supply. These shipments, in fact, are obliged to transit through the Strait of Malacca, between Malaysia and Indonesia, which surely is the most important sea lane for the Chinese, and in general terms one of the most important trade routes in the world. This tiny corridor, 800 kilometers long, 134.5 nautical miles wide at the northern end and 35 at the southern end, is essential to exporting goods from major Asian economies, including China, India, South Korea, and Japan, around the world. It is the primary route for energy resources from the Middle East and Africa to Asia. According to the EIA, approximately one-

third of the world's crude oil trade and over half of the world's liquid natural gas trade travels through the South China Sea (EIA 2013). This translates into 14 million barrels of crude oil per day, 90% of which passes through the Strait of Malacca. More than 50,000 vessels pass through the Strait of Malacca every year, and a relevant percentage is represented by Chinese oil tankers: around 80% of China's imported oil transits through the Strait of Malacca (Buszynski 2012). In 2004, President Hu Jintao had already commented on the problem, mentioning that the absence of stability in the routes of energy transport posed a serious threat to China. He referred to this issue as the "Malacca dilemma", and announced that he was concerned that "certain powers have all along encroached on and tried to control the navigation through the Strait" (Lanteigne 2008, p. 144). It is imaginable that he was referring to the United States. With India modernizing its military facilities on the Andaman and Nicobar Islands at the northern end of the strait, China feels sandwiched in and strategically vulnerable. As a result, Beijing is increasingly concerned with ensuring the security of the Strait and its imports that pass through it.

One of the most prominent strategic responses to the "Malacca Dilemma" is the so-called "String of Pearls" strategy. This strategy is based on the modernization of China's navy and transport fleet, cultivating strategic diplomatic ties with countries bordering the SLOCs and building ports as well as airstrips and surveillance bases. Thus, in the area extending from the Middle East to the South China Sea, incorporating Sri Lanka, Bangladesh, Pakistan, Myanmar, Thailand, and Cambodia, Beijing has been involved in many projects that have been supported by active diplomacy. The region is, on the whole, extremely important for China, as in addition to possible alternatives to maritime routes, many Southeast Asian countries are rich in energy reserves.

Several projects are linked to the "String of Pearls" strategy. The first is the creation of a container port and navy base in Gwadar, a former fishing village in Pakistan, which is now growing into a world-class port. Work on this project started in 2002 and was completed in 2008, with its significance to China clearly illustrated by Premier Wen Jiabao's presence at the ceremony for the conclusion of the first phase of the project. Its importance is also clear from China's financial commitment to the project, since the implementation of the port project and of a coastal highway to connect Gwadar with Karachi cost more than \$1 billion. The Chinese advantage, however, rests in the possibility of transporting its oil from the Middle East or from Africa to Xinjiang,

Map 1. *String of Pearls*



Source: Author's own elaboration

through a coastal highway linking Gwadar to China by the Karakorum Highway, and thus bypassing the Persian Gulf, the Indian Ocean, the Malacca Strait, and the South China Sea. In addition, the port is very convenient in terms of strategic positioning, as it is located near the mouth of the Strait of Hormuz, through which a great number of oil resources travel, including to destinations such as Japan and South Korea, that China could use as a lever if its own vessels were blocked elsewhere. Moreover, the port provides China with a better strategic position in the Indian Ocean, thereby strengthening its influence in South Asia. Additionally, the port will be furnished with a modern air defence unit, a garrison, and a first-rate international airport. Pakistan promised China “sovereign guarantees” in its use of the port facilities in return for Chinese financial and technical assistance for the port project, thus guaranteeing the Chinese priority access (Niazi 2005).

A second important alternative route to the Strait of Malacca is the long awaited project connecting the port of Kyaukpyu, on Myanmar’s west coast, to Yunnan province, on China’s southwest border, through a pipeline that went into full operation in May 2013. The two countries had started talks on energy cooperation projects at the beginning of the century, but they had chiefly focused on natural gas supply; in November 2008, however, Beijing and Naypyidaw agreed on the construction of a \$1.5 billion oil pipeline, and the agreement was signed in June 2009. The oil pipeline, 771 kilometers long and running parallel to a natural gas pipeline, has a capacity of 12 million tons of crude oil per year, which will eventually be expanded to 22 million tons (Watkins 2010). The project, jointly implemented by CNPC and Myanmar Oil and Gas Enterprise (MOGE), has sparked vigorous protests from the Myanmar population over environmental and safety concerns and inadequate compensation for local residents. In any case, the pipeline has the capacity to reduce China’s dependence on the Malacca Strait by one third, while reducing the distance that oil has to travel by 1,200 kilometers. As a result, the Chinese vessels arriving from Africa and the Middle East are now able to unload their cargo in Myanmar, bypassing the Strait of Malacca as well as cutting about a week’s worth of travel time and fuel costs.

A third outpost for China in the Indian Ocean is in Sri Lanka, with whom China signed an infrastructure development project for a harbor facility in Hambantota, bunkering facilities, and a tank farm, which will be completed over 15 years at an estimated cost of \$1 billion. The port will be able to provide facilities for merchant ships, container vessels, oil and gas tankers, and military vessels, including nuclear submarines.

In addition to providing China a strategic port in Sri Lanka, Hambantota possesses other geopolitical advantages, including the capacity to monitor Indian naval activity, both civilian and military; set up space monitoring systems critical for its ballistic missiles program (able to challenge US aircraft carriers and other forces); and provide China's intelligence gathering fleet a port in a strategically important location.

Lastly, another prominent and ambitious, however yet unrealized, plan under the general "String of Pearls" strategy is the idea of building a canal across Thailand's Kra Isthmus, a flat terrain with a minimum width of 50 kilometers. The canal would allow up to 90% of the vessels from the Malacca Strait to be redirected and would cut fuel usage in half. The project, however, has not seen much progress since 2006 when negotiations came to a halt because of the Muslim insurgency in Thailand's southern provinces. In addition, the canal is an issue of domestic political debate in Thailand and prone to change along with Thailand's volatile domestic politics.

Although the Chinese government is actively involved in the modernization of the People's Liberation Army Navy (PLAN) in addition to the diplomatic efforts, the idea that the modernization and expansion of China's Navy can protect its maritime interests against a US-backed campaign, or can enable China to overtake the US Navy's position as the protector of sea lanes is doubtful. Even though Chinese strategists entertain such thoughts, there are a considerable number of academics that seem certain that US dominance of maritime routes (especially with the help of its allies) will not be challenged any time soon. The Chinese are largely improving their naval capabilities—investing enormous amounts of money—but this process will take a considerable amount of time. In addition, a possible American-led blockade is clearly a remote possibility, for given the growing interdependence of the two economies the disruption of the Chinese economy would have immediate and severe repercussions on the American economy. By contrast, a more modest naval force would be more useful from the standpoint of China's energy security, not for competing with the Americans, but to support international efforts to combat piracy and terrorism around major shipping lanes (Kennedy 2011). Thus, despite its efforts in developing a strong navy, China has perhaps placed greater emphasis on creating new transport routes and diversifying sources through the help of its NOCs, as well as on using oil diplomacy to strengthen relations with suppliers.

Finally, for Beijing, the “Malacca Dilemma” has even more dramatic contours since the country does not have a significant SPR, which they are trying to build in order to bolster energy security. An official plan to address this problem was launched by the government with the 10th Five Year Plan (2001-2005), and it has been intended to have proceeded in three phases. The first phase was completed, and the construction of four stockpile bases (Zhoushan and Zhenhai in Zhejiang province, Dalian in Liaoning province, and Huangdao in Shandong province)—with a storage capacity of 102 million barrels—should give China oil reserves equivalent to slightly less than a month’s supply. The second phase, which involves eight more bases currently under construction, should expand China’s holdings by another 170 barrels, while the third phase, to be completed by 2020, should bring the storage capacity to 500 million barrels, enough to meet China’s demand for approximately 90 days (Daiss 2012). Some other 168 million barrels could be added through the commercial reserves of China’s oil companies, but this figure remains unverified (Zhou and Shen 2011). By way of comparison, the US SPR is composed of approximately 700 million barrels, for a supply of 90 days. China’s investment in its SPR system has the potential to make a significant contribution to the country’s energy security, providing the country with multiple choices in case of sudden disruption of its energy supply. However, China needs to pursue additional initiatives, and it has, as a matter of fact, determined to do so.

Beyond improving the SPR, as has already been evidenced, China has decided to increase its use of pipelines and imports from different actors—Russia, Central Asia, Latin America—that have in common the avoidance of the Strait of Malacca. The most significant result for China is that the use of pipelines would decrease its dependency on sea lanes and increase its control over the security of its imports.

6. Conclusions

Oil is indisputably a strategic resource for any modern country, since it “fuels” the economy as well as military growth and development. China has perceived that increasing dependence on imported energy makes it vulnerable to the volatility of market forces, as well as manipulation by other states or developments within other states and regions. This perception has meant that energy security has a great impact on Chinese foreign policy, effectively widening China’s foreign policy priorities as well as threat perceptions. Owing to China’s continuing economic growth and

aspiration for military development and modernization, it is clear that energy dependence is going to be a long-term issue in China's domestic and foreign policy-making. The question is how will China respond as its interests and threat perceptions expand and take on global scope?

China's choice of a strategic approach to energy supply security as opposed to a more liberal market approach has given its foreign policy a whole new dimension. The diversification policy underlying this approach, supported by energy investments and active energy diplomacy, has expanded China's foreign policy both geographically and in terms of threat perceptions and interests that China has to consider.

China's move to diversify suppliers geographically has meant that in a short period of time, China has gained a foothold in energy-rich countries in Latin America and Africa, while strengthening its presence in Central Asia and the Middle East. This change signifies a successful policy to increase China's influence over the globe in order to secure its vital interests. It is important to note that instead of cooperating over energy security and trusting markets, China is using its growing capabilities to secure its presence from the beginning of the oil extraction process to the end and uses bilateral deals with energy-rich countries or newly created international organizations. Chinese foreign policy therefore foresees an active energy diplomacy, which includes financial, economic, and political measures. The aim of such policies is the creation of close partnerships between China and energy-rich countries and regions, in order to secure better access to their energy resources as well as to reduce chances of political manipulation.

Due to the high consumption levels of both the US and China, China's energy partnerships have increasingly lead to a weakening of the role of the US in these regions, and at other times have simply strengthened China's strategic influence, and are thereby contributing to bilateral competition. The US has therefore been understandably anxious when observing this spread of Chinese influence in regions that are central to US energy security as well as for maintaining its general global influence and authority.

China's energy security foreign policy has great potential to undermine the US agenda and influence in energy-rich countries and regions while spreading unease about pro-Chinese political realignments. One such example is Central Asia, where China's active energy diplomacy has significantly weakened the US presence and has undermined its energy, security, and democratization concerns.

Although China and the US in fact share a number of interests in the region as both countries gain from the existing security and stability, the common concerns have not facilitated cooperation: this is because next to common concerns stand diverging interests, an important one of which is democratization. The US sees democracy and a strong civil society as the basis for a stable and US-friendly Central Asian region, while China does not prioritize this. Furthermore, based on the events in Uzbekistan in 2005, when China gave its support to the Uzbekistani authoritarian leader after domestic violence, it might seem that China is even actively undermining these priorities.

When it comes to energy, more competitive interests emerge. First of all, all energy consumers, both in the East and West, are interested in Russian resources. China has recently been making headway in securing favored access to them. The pipeline through Siberia to Daqing in China offers China a rich source of energy that does not pass through maritime routes. However this means China will offer Russia an alternative and thus increases its leverage against the Western markets, especially since the Siberian pipeline has two destinations.

In the central Asian region, there will be similar issues over the direction of Kazakhstani oil. China's energy partnership with Russia and Central Asia is being solidified through the Shanghai Cooperation Organization (SCO). While the organization has a number of purposes and is not openly anti-US, it is widely perceived "as a Chinese tool to counter US presence in Central Asia and promote Beijing's economic interests", and as a way to advance its worldwide power status as a rising power. While the US presence is weakening, the SCO has an increasing list of observer nations, including such strategically important nations as Iraq, Iran, and Pakistan.

China's undermining effect on Western and especially US interests is also noticeable in other countries, such as Venezuela, Iran, and Burma. In addition, China's energy diplomacy has also had a hand in reviving US interest in Africa. In conclusion, competition rather than cooperation has been the result of China's increasing strategic global involvement, and this points to a rising China that is challenging the existing power balance and inviting competition. Moreover, this challenge is not only evident through the cultivation of strategic relationships, but also in the military field. Despite Chinese efforts to diversify its energy routes, it is still highly dependent on maritime channels for transporting its energy supply. China's diplomatic response to the threats it perceives

from overwhelming dependence on sea lanes has brought about a substantial number of projects and policy initiatives in the countries lining the South Asian coast, as well as pipeline projects on the mainland. Ultimately, however, China still maintains that a strong navy is necessary, with or without the coastal projects and diplomatic connections. As a result, Beijing has been active in promoting the modernization and development of the PLAN.

According to Chinese analysts, the greatest threat the Chinese perceive to the security of these sea lanes emanate from the presence of the US Navy in the region. The US sees itself as having the role of the sole protector of the free movement of goods in the region and around the world, as well as of a regional order conducive to the operation of free markets. The position is also crucial for maintaining its position of economic hegemony.

Cooperation between China and the US on maritime security in the region is inhibited by mutual distrust. The Chinese government remains very suspicious of US naval activity in the region, and its indirect control over China's economic lifelines. China's leaders realize that the United States' position as a guarantor of the free movement of energy resources can also be used for containing other powers or exerting political pressure. In addition to the US naval force, China is also increasingly watchful of India's modernizing navy and the Japanese Maritime Self-Defense Force, navies of US allies in the region.

Although common security carries with it an increased capacity for defense against piracy and terrorism, China does not trust the forces of such major powers in possible political turmoil, and believes the routes can be used as political leverage against China, especially in the potential instance of a conflict with Taiwan. History offers China worrying precedents of similar US policies used in 1939 against Japan, or more recently in the case of an oil blockade against Iraq during the oil embargo

Chinese military forays into Southeast and East Asia (the quest for territories in the South China Sea and East China Sea) and the growth and modernization of the PLAN is very worrying to the US. While the likelihood of a direct conflict between the US and China over energy security on maritime routes is slim, conflicts between US allies in the region and China are a possibility in the long term in the South China Sea, especially if any significant offshore energy resources are found. Recently, China's activity around the South China Sea issue has taken

on a more decisive character, and the principle introduced in the 1990s, to “set aside differences [and] jointly develop” seems to be sinking as China’s energy needs surface. In 2007, China unilaterally expanded administrative control over two islets in the South China Sea, claiming “indisputable sovereignty”. In May 2009, China was accused of harassing a US ship in the South China Sea, while China claimed it was intruding in its Exclusive Economic Zone and conducting hostile activities, and thereby caused further friction in Sino-US maritime affairs. However, the greatest potential for a conflict lies with the Taiwan issue, which is considered the main reason for China’s worries over a blockade of its oil tankers.

The increasing Chinese naval presence thus creates a much more explosive situation on regional waterways. Rivalries between China and India and the rise of the Chinese naval presence on the Indian Ocean’s strategic sea lanes and disputed territories can cause additional problems for the US and will seriously challenge its role as the global defender of free trade and stability in the region.

In conclusion, it can be said that the impact of strategic energy security issues on China’s foreign policy have increased China’s global influence and have thereby reduced Western presence as well as strategic influence. This also applies to US dominance of strategic sea lanes in the Indian Ocean, where the growth of China’s navy challenges the role of the US as the protector of maritime trade routes. All of this is not to say that there could not be cooperation over issues of maritime or energy security. It is clear, however, that China prefers to act alone to secure its strategic interests and still demonstrates a clear distrust of Western involvement indicated by signs of a soft balancing against the West when securing its strategic interests. This policy foresees limited, tacit, and indirect bargaining strategies through coalition building and diplomatic bargaining within regional or international institutions. The strategy is also characterized by the use of largely non-military tools to delay, challenge, undermine or raise the costs of US policies. Energy security foreign policy reveals China’s campaign of increasing regional presence and institutionalization without the participation of the US, which while not directly presenting a challenge, is not conducive to cooperation between the US and China. It is rather indicative of China’s viewpoint that a multilateral international order is the ideal, and it reveals China’s quest to decentralize international relations in order to reduce the power of the US.

Strategic issues of power balancing are not the only ones that come in to play when talking about China's rise and the West. As a result, the impact of energy security on China's foreign policy, resulting from its growing dependence on foreign energy, has left the Chinese government facing issues that require a wider commitment to world affairs and international security. China has consequently been confronted with the question of whether it should manage such threats through existing institutions and by following existing international norms and values or anticipate future competition over resources and therefore prioritize its interests over wider global concerns and develop its close strategic channels of cooperation with energy exporters, striving to independently achieve protection against perceived threats.

II.

REACTIONS TO THE CHINESE RISE

Where Giants Meet: The Sino-American Soft-Competition in Southeast Asia

The Cases of Vietnam and Myanmar

Andrea Passeri and Antonio Fiori

1. Introduction

This chapter seeks to explore and compare the evolving strategies implemented by Myanmar and Vietnam in their ties with the People's Republic of China (PRC) and the United States, under the conditions of a rapidly changing regional environment, characterized by the rising competition among Washington and Beijing to win the consensus of Southeast Asian elites. The general framework is provided by the first section, which traces the historical background that nurtured Beijing's strategic shift from a highly ideologized regional diplomacy to a pragmatic and multidimensional "charm offensive", as some scholars labeled it, focusing on the process of mutual engagement inaugurated with the Association of Southeast Asian Nations (ASEAN). The evolution of Washington's tortuous relations with Southeast Asia and the American reaction to China's regained centrality among its neighboring countries are at the core of section two, that examines the formulation and implementation of the "pivot to Asia", in order to assess its impact on the strategic calculus of ASEAN's secondary powers.

Then, the analysis shifts its attention to the recent transformations experienced by Naypyidaw's and Hanoi's alignment policies *vis-à-vis* the US and China. Alignment policies generally reflect small states responses to perceived security threats posed by great powers, and can range

In 1989, the military junta changed the country's name from Burma to Myanmar and this change was officially accepted by the United Nations. We generally use Burma when referring to the country before 1989 and Myanmar afterwards.

This article is the outcome of a joint effort by the two co-authors. In practice, though, AP wrote sections 4, 5, and 6 while AF wrote sections 1, 2, and 3.

along a spectrum delimited by two opposite patterns of interaction: hard-balancing and bandwagoning (Haacke 2011). The main argument, here, is that neither bandwagoning, nor a clear-cut balancing attitude, are suited to grasp the essence of Vietnam's and Myanmar's far more nuanced trajectories, which can be better classified as soft-balancing and hedging strategies, respectively. Finally, the concluding section tries to evaluate the distinctive features emerging from the two cases, arguing that the persistence of territorial disputes and a more controversial historical legacy can help to explain Hanoi's stronger propensity to rely on deterring tools and assertive postures towards the PRC.

2. Beijing's "garden"? China's long path of engagement with Southeast Asia

Since the establishment of the PRC in 1949, Beijing's diplomatic relations with its neighbors have represented a highly sensitive and often problematic issue for the communist leadership, particularly during the Cold War era. Until the end of the 1960s, Mao's revolutionary propaganda directed towards the Southeast Asian states hindered any prospect of developing a consistent regional strategy primarily based on national interest, leading many to believe that China embodied an almost unique case of regional power without a coherent regional policy (Roy 1999). According to Suisheng Zhao, several prominent factors can help to explain the absence of, during that period, a comprehensive political framework pointed at what Chinese analysts often call "periphery countries". These factors include domestic turmoil and frequent policy shifts, which profoundly affected the possibility to elaborate and pursue long-term diplomatic goals, and the ambiguous position consolidated by Beijing in the bipolar Cold War setting, that forced China to consider its strategic imperatives in global and not regional terms (Zhao 1999).

Moreover, the PRC's emphasis on armed struggle and its support to insurgencies undermined China's image as a major threat to the region. Those sentiments erupted with particular violence in Indonesia, where the 1965 upheavals represented an unprecedented mass-scale purge against the Indonesian Communist Party (PKI) and its members, who had previously attempted a coup against the regime of Sukarno. Even more significantly, bilateral relations with the PRC were totally suspended in the 1967-1990 period, because of the alleged PKI-Chinese Communist Party links (Wheaterbee 2009). Similarly, the brief border

war fought by the People's Liberation Army (PLA) against Vietnam in 1979 further contributed to foment suspicion and discomfort among ASEAN members.

107

The historical shift in Chinese politics inaugurated under Deng Xiaoping's "Reform and Opening-up" strategy gradually reframed the basic assumptions which had previously shaped Beijing's diplomacy, in the region and beyond. Since 1978, and particularly after the end of the Cold War, China thus began to elaborate its strategic imperatives in a more realist and pragmatic way, downplaying the Maoist emphasis on a strictly ideologized foreign policy and reintroducing the basic notion of national interest. On regional terms, the PRC recognized the absolute need to foster a peaceful and conducive external environment in areas surrounding its periphery, in order to accelerate the process of economic modernization pursued domestically. To address these challenges, China orchestrated its first serious attempt to develop a comprehensive and coherent regional strategy, which was presented under the banner of the "Good Neighbor" policy.

In order to reap the benefits of a deeper integration with a region characterized by rapid economic growth, Beijing's revised posture thus prescribed to deal with historical bilateral disputes, for example over boundaries, with cooperative approaches, while, at the same time, exploring common grounds when facing the Asian countries in both the economic and political dimensions. Moreover, the "Good Neighbor" blueprint conveyed a renewed image of China as a "responsible stakeholder" within interstate relations, eager to offer its contribution to regional stability and development (Zhao 1999). In other words, this framework effectively focused on mutual economic growth in the dynamic scenario of Southeast Asia, increasing enmeshment in multilateral institutions and attentive soft-power projection, in order to defuse regional fears and consolidate the idea of the PRC as a benign rising power. Over the last two decades, Beijing has thus structured with considerable success cordial and remunerative bonds with most of its neighboring countries, sponsoring its "win-win" blueprint for cooperation and maintaining the long standing low-profile with regards to interferences in internal affairs or potentially divisive bilateral issues. A shared belief that positive engagement can transform an uncertain relationship into a mutually beneficial one has gradually emerged in the region, reflecting a permanent feature that has governed Southeast Asian interstate relations throughout history, namely the continuous adjustment and accommodation of smaller and weaker states to China's preeminent power (Thayer 2011).

Against this backdrop, Chinese efforts towards a rapprochement gained momentum particularly in the aftermath of the Tiananmen crackdown, when regional actors decided not to join the Western chorus of condemnations and sanctions. Instead, they chose to mutually engage a semi-isolated China in new patterns of regional dialogue, with the final goal of maximizing their bargaining position *vis-à-vis* the PRC, while sustaining a regional diplomacy focused on ASEAN and reducing the likelihood of military conflicts. The establishment of diplomatic ties with Singapore (1990) and South Korea (1992), the normalization of heretofore strained relations with Vietnam (1991) and Indonesia (1990), as well as China's accession to the Asia-Pacific Economic Cooperation (APEC) in 1991 and its designation as ASEAN's Dialogue Partner in 1996 can all be considered as concrete examples of such new course. By the same token, the 1997/98 Asian financial crisis provided another relevant demonstration of China's new stance as regional stabilizer and economic savior, at a juncture when the US seemed incapable of rendering effective assistance (Keiser and Shin 2013).

At the turn of the century, the astonishing economic and strategic rise of the PRC forced Chinese leaders to further reassure regional neighbors that their country was not a threat, enhancing the emphasis on its "harmonious" and peaceful development, the contribution in multilateral frameworks, and the scope and effectiveness of burgeoning bilateral partnerships. The economic sphere confirmed to be a major driver of Beijing's renewed centrality in Asia, and trade relations with neighboring countries generally grew at twice the rate of China's GDP, reflecting the aforementioned efforts sustained by Chinese leaders to make diplomacy "serve domestic economic construction" (Zhao 1999). With this in mind, China delivered its formal proposal to establish an ASEAN-China Free Trade Area (ACFTA) in 2001, which came into effect in January 2010. ACFTA covers nearly 1.9 billion people and US\$ 231 billion in trade flows in 2008, making it the largest free trade area by population and the third largest by value in the world, and was preceded by a series of bilateral "early harvest" agreements with ASEAN member states that demonstrated Beijing's goodwill by reducing tariffs mainly on agricultural imports. The net effect of these preliminary agreements on commercial flows has been staggering, with total trade between the People's Republic and ASEAN skyrocketing from US\$ 38 billion in 2001 to over US\$ 78 billion in 2003, and then to US\$ 231 billion in 2008 (Chin and Stubbs 2011).

Concerning security imperatives, China's revised stance within the region has served a prominent goal: to prevent its neighboring states from posing either an immediate or a potential threat to the PRC, particularly in their cultivation of diplomatic ties with other powers which are perceived as hostile by Beijing. These sentiments are extremely vivid, for example, in the strong strategic interest that China displays in maintaining the security of sea lines of communications (SLOCs), especially through Southeast Asia and in areas surrounding the Strait of Malacca. Accordingly, during the last decade a rising competition with regional rivals (Japan, India) and outside powers (the United States) to win the "hearts and minds" of Southeast Asian audiences has clearly emerged, shaping the scope and intensity of China's regional "charm offensive". To this extent, the Chinese emphasis on regional multilateral institutions can be better understood, if we consider it as a tool to undermine regional support for the American alliance structure and its roadmap towards further integration, as the controversial evolution of the US-supported Trans-Pacific Partnership (TPP) suggests.

However, notwithstanding the impressive results, several divisive issues still complicate the agenda of contemporary China-Southeast Asia ties, namely Beijing's expanding military might and its occasional display of aggressive rhetoric when dealing with territorial disputes in the South China Sea. In this regard, while rejecting multilateral solutions to questions of sovereignty, China has nevertheless allowed for a degree of multilateral approaches to manage such a divisive issue, as in the case of Beijing's 2002 signature on the ASEAN's Declaration of a Code of Conduct for the South China Sea. On the whole—and despite the persistence of these elements of mutual suspicion—China's influence in Southeast Asia, relative to the US, has unmistakably grown over the last decade, pushing several scholars to identify a new predominant power in the area, with Washington relegated in second position (Kurlantzick 2007). The American "pivot to Asia", which will be looked into in the paragraph ahead, has probably inaugurated a new phase in the "great game" among major powers to gain their place in the sun within the region, a soft but fierce competition that could affect the stability of the East Asian regional order for many years to come.

3. The American "return" to Southeast Asia

For decades, in the American collective imagination the Southeast Asian region had been equivalent to the Vietnamese rout of US forces, culmi-

nating in the 1973 US military withdrawal from that country. The Nixon Doctrine—put forth in a press conference in Guam in July 1969, and according to which Washington was eager to assist its partners and allies, but would not undertake all the defense of the free nations of the world—had further widened the gap, leading to the closure of American bases in Thailand and to the ruinous lapse of the Southeast Asian Treaty Organization (SEATO). The American indifference towards Southeast Asia, interrupted only by some specific and often unanticipated events, is often described as “benign neglect and missed opportunities” (Jackson 2004). This attitude, shown by Democratic and Republican administrations alike, was concretely visible during the Carter presidency (1977-1981), focused primarily on the bilateral relation with the Soviet Union for the reduction of strategic weapons. The Vietnamese invasion of Cambodia (1978) and Moscow’s occupation of Afghanistan (1979), however, forced the US President to change his approach, reviving his interest towards Southeast Asia. Accordingly, in order to contrast Soviet and Vietnamese designs for the region, the Americans became more intimate with the Chinese and with the members of ASEAN, formed in 1967 (Mauzy and Job 2007).

During the George H.W. Bush (1989-1993) and Bill Clinton (1993-2001) mandates, on the contrary, America’s role in the Asian region regained its centrality, to the point of being considered an “Asian power” (McDevitt 2007). Despite the reassurances coming from Washington, Southeast Asia—diverging from the Northeastern part of the continent—remained marginalized within America’s foreign policy discourses, except for the importance accorded to the maintenance of freedom of navigation along its critical sea lanes. In addition, and particularly under the Bush administration, the US military presence in the region was deemed necessary as a form of promoting stability, and, consequently, as a leverage for economic growth in countries increasingly attractive for American investments. Clinton followed the same line, even though he placed more emphasis on multilateral processes and institutions, such as the APEC and ASEAN, stressing the promotion of human rights and the adoption of democracy across the region. This “neutral” approach, moreover, in large part originated with Clinton’s determination to engage China as a “strategic partner” (Zhao 2001).

According to the “benign neglect” attitude, such a visible marginalization of Southeast Asia by the US was considered by local elites as having pros and cons: on one side, Southeast Asian governments did not want to be under strict observation, especially in areas like human

rights; on the other, they were worried by the American indifference with respect to the regional security architecture, especially because of China's military rise. The PLA's seizure of the Mischief Reef in 1995, and its growing bellicose attitude in the South China Sea, only reinforced this vision. It was, however, the 1997 Asian financial crisis that probably represented the lowest point in the relations between Southeast Asia and Washington: US inaction concerning the social breakdown that Asian countries were suffering, and its dismissal in the hands of the International Monetary Fund (IMF), generated vast resentment in the region, balanced by a renewed enthusiasm towards Beijing, which had chosen to assist the most affected economies by not devaluing its currency and offering aid and loans with no strings attached. It was at this point that ASEAN began a historical turn towards a deeper engagement and integration with Northeast Asia (Mauzy and Job 2007).

In 2001, when the Bush administration came into office, Southeast Asia was not at the top of its agenda, but the situation was completely reversed in the aftermath of 9/11. The discovery of an al-Qaeda-sponsored terrorist network in maritime Southeast Asia, probably aimed at targeting Western interests, forced Washington to turn its attention to this second front in its "war on terror" (Gershman 2002). American efforts, however, focused primarily on security issues and terrorism—through intelligence collaboration, bilateral military-to-military ties, and defense assistance to some of the countries in the region—while public diplomacy and attention to the economic and social conditions of these population were lacking (Mauzy and Job 2007). The US, in sum, seemed to be driven by a sort of "benign selfishness" in its action in the region (Tay 2004).

The interstices left open by Washington were promptly filled by Beijing, which was simultaneously developing a growing interest in the Southeast Asian region, mainly because of the energy security issue. The diplomatic efforts showcased by Beijing to constructively engage ASEAN and the economic support offered to the poorest countries in the region—Myanmar, Laos, and Cambodia—were symptomatic of a significant shift: cooperation and trust had gradually replaced fear and suspicion. At the turn of the century, however, a growing uneasiness towards China's military buildup and its emphasis on maritime power projection returned to be a common feature across Southeast Asia: according to the Stockholm International Peace Research Institute (SIPRI), the PLA's defense expenditure rose from US\$ 30 billion in 2000 to almost US\$ 120 billion in 2010 (SIPRI 2011). The fear of a supposed "China's threat"

was made evident during the 2010 ASEAN Regional Forum (ARF) held in Hanoi, where regional security issues were discussed. This occasion coincided not only with Vietnam's first chairmanship of the ARF, but also with an unprecedented participation of the American Secretary of State Clinton, who assisted Vietnamese delegates in raising the South China Sea issue, claiming its multilateral nature and the freedom of access to "global commons". Such an unmistakable sign of the US willingness to maintain its leadership role in the area was endorsed by eight of the ten ASEAN Ministers, disappointing China. Since then, the confrontation between Beijing and several of the Southeast Asian countries has become more intense, particularly with Vietnam and the Philippines.

These developments came with a favorable timing for the United States: the Obama administration, which took office at the beginning of 2009, was downscaling its military involvement in Iraq and Afghanistan, a decision imposed—among other reasons—by severe economic hardship that compelled a profound reassessment of the Pentagon's programs and strategies. In November 2011, Secretary Clinton published an article in the *Foreign Policy* magazine titled "America's Pacific Century" (Clinton 2011), in which she made public the intention to "Pivot" (or "rebalance", as US officials prefer to refer to it) American foreign policy toward the Asia-Pacific region. Turning precepts into deeds was a short step: on his way to the East Asia Summit (EAS) in Bali in November 2011, President Obama stopped in Darwin to announce that 2,500 US marines would be stationed there. In April 2012, a first contingent of 200 rotated through an Australian base near Darwin, before going on training missions in Thailand and Malaysia. Two months later Singapore agreed to host as many as four US combat ships in rotation (Emmerson 2012).

The American rebalance rested upon a few main factors: the enlargement and deepening of pre-existing alliances, especially those with Thailand, the Philippines and Singapore, combined with a growing American military presence in the region; the opening of new relationships with the so-called "CLMV countries" (Cambodia, Laos, Myanmar, and Vietnam); and the enhancement of the American presence in multilateral organizations such as ASEAN, which has been recognized by Secretary Clinton "as a fulcrum for the region's emerging regional architecture". The pivot, however, also reflects the evolving economic landscape of the region, by focusing on the possible expansion of trade and investments towards new markets, on the implementation of the TPP, on the expansion of institutionalized ties with ASEAN (the US-ASEAN Business Forum and the US-ASEAN Extended Economic Engagement

initiative), and on development assistance towards several of China's neighbors.

113

The Southeast Asian countries, on their side, generally welcomed the American "return" to the region: the reduction of their exposure to Beijing's strength was something that many in the area were wishing for. It would be too simplistic, however, to understand the American pivot as a strategy merely aimed at the containment of China and, given the importance that China has assumed for Washington and the other Asian countries, it would be anomalous if the US policy were not crafted to react to China's rise. In other words, a regional demand for continued US leadership has emerged precisely because China's rise is affecting the balance of power, but not the balance of order (Limaye 2013). It is worth highlighting, however, that the two main actors have not asked Southeast Asia to make an exclusive choice: for almost all the countries in the region, in fact, the US presence is tremendously important to ensure order and ignite constructive and mutual benefits from relations with China.

4. Tracing the "middle way": Myanmar's bumpy transition and its hedging strategy with China and the US

Myanmar, formerly Burma, has traditionally represented a relevant ally for the People's Republic of China. Beyond being the first non-communist nation to recognize the PRC, soon after its foundation in 1949, the Myanmar government made substantial efforts to establish cordial relations, which resulted in the ratification of a treaty of mutual non-aggression and a joint declaration of "pacific coexistence" (Haacke 2011). This favorable relation, also known as *Pauk Phaw*, reflected the Burmese imperative to obtain diplomatic support and protection in China's shadow, in particular when the US has exerted concerted and multilateral pressure within the United Nations Security Council to promote a regime change in the country. The PRC, on its side, has never made a secret of its specific interests in the territory of Myanmar, which are of primary importance for the "Middle Kingdom": the protection of Chinese investments, the construction of future infrastructures extending from the Gulf of Bengal—a vital perimeter for Beijing's strategic imperatives—to the Yunnan province, the access and projection to the Indian Ocean, the diversification of supply-routes beyond the Malacca Strait.

It is worth mentioning, however, that even in periods of constant international pressure, Myanmar has tried to preserve a certain degree

of autonomy in its ties with the PRC, assuming a posture that may be defined of limited alignment, without resorting to a more straightforward bandwagoning attitude (Fiori and Passeri 2014). Afterwards, the shift in the American approach towards “pragmatic engagement”, pursued under the Obama administration, has enabled the progressive re-establishment of a multidirectional foreign policy in Naypyidaw, pointed not only to the United States, but also to India, Japan, the European Union, and several ASEAN states, with the ultimate goal of tempering the ubiquitous Chinese presence in the country. Such a rapid rapprochement, hence, reflects a deliberate effort by the newly elected government of Myanmar to restore its traditional non-aligned diplomacy, by employing hedging as the prevalent pattern of interaction with great powers and, in particular, China. The notion of hedging appears useful in grasping the rationale of the Myanmar strategy, since it overcomes the traditional dichotomy between balancing and engagement, and rather highlights the possibility of employing a peculiar mix of the two, as “insurance” against the uncertain present and future intentions of target states, through the cultivation of a middle position that avoids having to choose one side at the obvious expense of another (Goh 2007).

From a historical perspective, Deng Xiaoping clearly recognized the centrality of Myanmar within the Southeast Asian region in the late 1980s, in the context of his reformist and opening policy; however, the agreements for the construction of important infrastructures—oil and gas pipelines, for example—were only signed at the turn of the new millennium. During the two decades following the Myanmar revolts of August 1988, characterized by Washington’s mantra of regime change and by an extensive reliance on sanctions imposed on Naypyidaw, the PRC has thus become a privileged interlocutor for the Myanmar regime, both as leading investor and privileged economic partner, forcing Washington to catch up on lost time by implementing an unprecedented engagement strategy towards Myanmar.

Beijing probably considered plausible that the *status quo* could be perpetrated even after the emergence of a roadmap to a “disciplined democracy” within the new Myanmar constitution elaborated in 2008, despite some “warning signs” as the release of Aung San Suu Kyi and the international clamor caused by the ongoing political transformation (Kitchen 2012). The electoral success of the Union Solidarity and Development Party (USDP) in occasion of the 2010 general elections, boycotted by the National League for Democracy (NLD), was followed by the passage of powers to a generation of cadres coming from the military

sphere led by Thein Sein, pushing the Chinese leadership to suppose that they would not have assumed positions too far from those of the past. Soon after the new government was formed in Myanmar, however, the PRC started to exert pressure in order to establish a renovated strategic partnership, ratified during the visit of the Myanmar President to Beijing in May 2011. The document, which also implies future possibilities of integration between the two actors, highlights some fundamental imperatives: strengthen contacts between leaderships, expand economic and trade relations, improve the management of borders, and enhance the coordination in multilateral forums.

Nonetheless, Thein Sein's visit—the first since assuming presidency—demonstrated to the Chinese that bilateral links with Naypyidaw had to take into account the new political developments. These perceptions became even more evident in September, when Burmese leaders formalized the suspension of the construction of the Myitsone dam, an expensive project which China Power Investment Corporation (CPIC) was implementing in the Kachin state. The sudden interruption in the construction, officially because of the massive protests by the population of that area, was welcomed in the West as a highly symbolic move, pursued to balance the PRC's influence in the country. On the Chinese side, the event has clearly shown the advent of some diplomatic actors ready to exert a certain leverage on the political choices of Naypyidaw, originating some doubts about the tightness of traditional Sino-Myanmar ties, as well as regarding the impact that the ongoing process of rapprochement between the United States and Myanmar could have on China's "backyard".

The modification of the nature of the relationships with both China and the United States rests prevalently upon the rapid breakthrough in US-Myanmar relations pursued under the Obama administration, which has resulted in a continuous effort of diplomatic equilibrium for the new leadership of Myanmar. Over the last decades, the relations between Myanmar and the US have been highly fragmented, mainly due to the systematic violations of human rights in the Southeast Asian state. Since 1988, then, any form of aid was suspended and a series of sanctions applied. The Saffron Revolution in 2007, together with Naypyidaw's poor performances in containing the devastations caused by Cyclone Nargis during the following year, further strained this already tense relation, and when the protests were suffocated with violence, the degree of hostility towards the West reached an unprecedented apex.

As already mentioned, the Obama administration has contributed to heavily redesign the role of the US in the Asia-Pacific region since 2009, and of course Myanmar was profoundly affected by this modification (Limaye 2013). The new American president, in line with the vision of a renewed US presence in the region, immediately made it clear he wanted to adopt a more constructive and less sanction-based policy than his predecessor. The application of sanctions had not been beneficial to any of the actors: not only had the subsequent isolation made Myanmar poorer and more marginalized by the international community, but above all it had not brought about the collapse of the junta, as its advocates thought. Obama has thus decided to follow an alternative line, replacing sanctions with a more pragmatic dialogue with Burmese leaders, in order to test the real nature of the domestic transition and unchain the country from the pervasive Chinese influence.

This process of pragmatic engagement found its climax in the historic visit of Obama to Yangon, in November 2012. It goes without saying that the reforms initiated by Thein Sein have paid attention to the “suggestions” coming from Washington: Aung San Suu Kyi’s liberation, the release of thousands of political prisoners, the gradual weakening of the control on the media, the abolition of some trade barriers. The main reasons for the beginning of such reformist process seem essentially twofold: first, Naypyidaw’s profound desire to escape from the sense of humiliation caused by the backwardness of the country, which was continuously revealed during the ASEAN’s meetings with more prosperous regional neighbors; and, second, the aspiration to somewhat temper the Chinese influence on the national territory, by establishing positive relations with other relevant diplomatic interlocutors (Fiori and Passeri 2014). As a matter of fact, the process of economic growth required the lifting of American sanctions, which in turn could only be nullified after the beginning of a mature process of democratic reforms and national reconciliation with the political opposition. In order to support Myanmar’s political transformation, Obama has also reaffirmed the American aspiration to become one of the leading donors towards the Southeast Asian country, through an important development program—US\$ 170 billion in two years—to flow towards Naypyidaw. This is an important offer, designed to break Myanmar’s vicious circle of backwardness and isolation, thus expanding its room for maneuver *vis-à-vis* Beijing, while, on the other side, the US could be flanked by a new and precious partner, benefiting from its renovated presence in the multilateral venues of the region.

The re-launching of cooperative ties with Washington, has therefore represented not only a structural precondition for providing a regional counterweight to the PRC, but also a decisive boost in confidence for the implementation of the hedging strategy formulated by the Myanmar leadership. From the American point of view, the adoption of a more flexible and pragmatic posture in the relations with Naypyidaw has already brought about some early returns, both as a key to balancing the Chinese influence in the area, and as a way to nurture the political transition of the Southeast Asian country, contributing to make it acceptable to the international community.

5. Hanoi's "China problem" and the re-orientation of US-Vietnam ties

Together with the Philippines, Vietnam is currently considered as the most enthusiastic among Southeast Asian states with regard to America's renewed commitment to the stability of the region, a very remarkable achievement if one considers that, until recently, the US were categorized by the ruling Communist Party of Vietnam as the country's irreconcilable strategic threat (Vuving 2013). The prominent reason behind such a noticeable re-orientation should be ascribed to Vietnam's problematic relation with China and to the related urgency of seeking a countervailing force against Beijing, which paved the way for a new era of engagement between Washington and Hanoi. Amid rising tensions in the South China Sea, where China is becoming more assertive in advancing its core interests and claims, Vietnam has thus faced the arduous task of consolidating cordial and cooperative ties with the PRC, while, at the same time, protecting its territorial integrity and diplomatic autonomy, in an attempt to at least deter any Chinese aggression, if not balance against its broader regional dominance.

China-Vietnam relations have historically been subjected to many fluctuations, inspiring—particularly in good times—a wide range of epithets such as “close as lips and teeth”, or, in Ho Chi Minh's words, as “comradeship plus brotherhood” (Thayer 1994). In the aftermath of the re-establishment of formal bilateral ties (1991)—which aimed at erasing the scars inherited from the Cold War, as in the case of the Vietnamese occupation of Cambodia in 1978 that prompted China's counter-invasion through northern Vietnam during the following year—both parties acknowledged a bilateral agenda focused on four major issues deserving special attention (Kitchen 2012). The first two were tackled only one

decade later, when Beijing and Hanoi agreed on the demarcation of their land (1999) and maritime borders in the Tonkin Gulf (2000). However, the remaining two—namely the disputed sovereignty over the Paracel and Spratly Islands—still persist today and reveal a disruptive potential capable of offsetting the accomplishments obtained in other dimensions.

Besides that, in the case of Vietnam mutual perceptions with China and the United States have been profoundly influenced by a complex web of historical legacies and narratives, which shape the core of the Vietnamese national identity. The giant neighbor, in particular, has always been perceived in the country both as a model and as a threat, as a paramount socialist power deserving solidarity and deference but also as an expansionistic and potentially hegemonic force, which could jeopardize Vietnam's territorial integrity. Today, such an ambivalent and conflicting attitude toward China is reflected in the landscape of the internal debate, divided into two camps of contending visions between the so-called “anti-Westerners”, demanding a full embrace of the PRC as the major partner and ideological guide, and the “modernizers”, who instead emphasize the urgency of advancing the country's modernization by forging a multidirectional foreign policy (Vuving 2006). The roots of this second strain in the Vietnamese political discourse can be found in the CPV Politburo's Resolution No. 13 of May 1988, that codified Vietnam's “exit strategy” from Cambodia and laid the foundation for a more proactive and autonomous diplomacy in the post-Cold War era, against the backdrop of the *Doi Moi* reform process pursued domestically (Brown 2010). Therefore, the unique way adopted by Vietnam in steering its course between China and the United States should also be considered as the peculiar byproduct of such a two-level game between domestic factions and external imperatives.

As was to be expected, the US has represented—together with ASEAN, since Hanoi's admission in 1995—a preferential target for Vietnam's tacit and cautious deterring strategy, designed to discourage China from assuming an even more assertive conduct in the South China Sea. During the two decades following the normalization of diplomatic ties (1995) both sides have made concrete steps to increment economic integration and security cooperation. The 2001 ratification of the first, historic, bilateral trade agreement allowed a rapid expansion of Vietnamese exports, with two-way trade jumping from US\$ 450 million in 1995 to US\$ 12.9 billion in 2009, thus igniting the negotiating process for Vietnam's admission to the WTO (Thayer 2010). Two years later, US Navy vessels inaugurated a program of annual port-calls with their

Vietnamese counterparts, and, beginning in 2008, Washington and Hanoi also agreed to establish an annual strategic dialogue at the vice-ministerial level, accompanied by defense minister meetings every three years.

Then, in 2010, United States-Vietnam ties were formally upgraded to the status of “Comprehensive Partnership”, and these relevant results went hand in hand with significant evolution in Vietnam’s foreign policy, which has gradually revised its principles and the importance accorded to ideological affinity when selecting friends and foes (Vuving 2013). Given the recent geopolitical developments that are drawing the two countries closer, President Truong Tan Sang’s visit to the US in 2013—the second by a Vietnamese head of state since the two countries had normalized their relations—marked a new phase in the coordination between the two sides in regional forums such as the APEC, the EAS, and the ASEAN Regional Forum. Concerning the situation in the South China Sea, both parties vigorously reiterated their support for a peaceful and multilateral solution to the dispute, while agreeing to push forward negotiations on the TPP and pledging to further increase American investments in the country, that during 2009 had peaked to US\$ 9.8 billion, placing the US in the sixth position among Hanoi’s economic partners (Hoang 2013).

The boost in confidence inherited by such a flourishing partnership with the old enemy has pushed Hanoi to emerge as the most “vocal” among Southeast Asian states in opposing Beijing’s displays of force in the area, as reflected by the decision to conduct its own naval drills in the contested waters and to invest in the expansion of the Vietnamese submarines fleet to “defend the country”. This reaction seems especially noteworthy, since it indicates the strategic relevance accorded by Vietnam to the South China Sea not only as a crucial area for the fishing industry, but also as the primary source of precious oil revenue, that during the last decade skyrocketed to more than 10% of GDP. Authoritative forecasts, moreover, estimate that by 2020 the maritime economy will contribute up to 55% of Vietnam’s GDP and will account for 55-60% of its exports (Thayer 2008).

Similarly, Vietnamese efforts behind the scenes of the 17th ARF Meeting, held in Hanoi in July 2010, encouraged the American secretary of state Clinton to deliver an unprecedented statement, when she asserted that Washington considers the open access to maritime commons in the South China Sea as a core national interest of the United States, and that America seeks “a collaborative diplomatic process by all claimants for resolving the various territorial disputes without coercion” (Chang

2010). Since then, Hanoi has repeatedly signaled its preference for an ASEAN-led, multilateral solution to the dispute, in sharp contrast with the conduct, for example, of Cambodia, Beijing's closest partner in the area: at the 45th ASEAN Ministerial Meeting, held in Phnom Penh in July 2012, Cambodian delegates obstructed the formulation of a joint communiqué sponsored by Washington concerning the South China Sea, a move aimed at not embarrassing China, which prefers to handle the issue bilaterally with each claimant. The "reward" for Cambodia's deference arrived few weeks later, in the form of US\$ 500 million in soft loans accorded by the PRC (Kitchen 2012).

These recent developments, however, should not be interpreted as symptoms of a full-blown balancing attitude stemming from Vietnam's diplomatic positioning *vis-à-vis* China. Beijing maintains a profound political and economic leverage in the country: frequent party-to-party consultations have contributed in keeping the relation on a solid footing, while, economically, Hanoi runs a chronic trade imbalance with the PRC, its largest commercial partner. Additionally, in 2008 the two sides elevated their ties to the status of "Comprehensive Strategic Cooperative Partnership", when Vietnam was chosen as the first to be bestowed the highest rank in China's external relations (Vuving 2013). On the other hand, the relationship with Washington is still fraught with problems and mutual suspicion, regarding for example Vietnam's human rights record and American cyclic requests for "regime modification". Hence, in order to correctly evaluate Hanoi's growing pledges for a greater US role in the region, its reaching out to several regional powers like India, Russia, and South Korea, and the resolve demonstrated in becoming an important actor within ASEAN, we should see such conduct through the lens of a more restrained and subtle soft-balancing. It involves a limited arms build-up, security cooperation with a diversified set of partners (short of formal alliances), and coalition-building in regional organizations to check Beijing's ambitions, coupled with economic pragmatism and multilateral entanglement towards the PRC, in order to dissuade China from further flexing its "muscles" in the South China Sea (Hiep 2013). A strategy which, clearly, is not without risks, forcing Vietnamese leaders to prudently ponder any further move in walking the tight-rope between Washington and Beijing.

6. Concluding remarks

121

How should we interpret the differences in Myanmar's and Vietnam's responses to China's regional embrace and to the related American pivot? This analysis suggests that Myanmar's strategy fits quite well with the definition of hedging behavior, whereas the case of Vietnam reflects a more assertive diplomatic stance, that can be summarized by the notion of soft-balancing. Hedging prescribes to seek positive relations with all great powers in a region, thus creating mutual counterchecks in the form, for example, of modest levels of defense cooperation with competing poles of the system, while tempering such "risk contingency" measures with vast reassurances and engaging tools pointed at the target state. Additionally, it enables more flexibility and pragmatism in reaping the economic and political benefits of a cordial relation with the rising power, as demonstrated by Myanmar's recent moves towards the PRC with the signature of an upgraded partnership amidst the turbulences generated by the controversial suspension of the Myitsone Dam project. Hedging, furthermore, requires a more prudent and nuanced conduct within multilateral *fora*, an imperative that Naypyidaw translated it its low-profile approach within ASEAN regarding the South China Sea issue, to not overtly disappoint the People's Republic.

The case of Vietnam, conversely, should be seen through the lens of soft balancing, which involves a limited arms build-up, explicit efforts to establish joint military exercises with great powers, and coalition- building in international and regional venues, without resorting to formal alliances. Vietnam's policies towards the PRC have been historically wavering, suggesting that its growing balancing attitude and the differences with Myanmar's hedging blueprint could be explained by the peculiar interplay of domestic and international factors. The immanent tension between ideology, which dictates deference towards Beijing's leading role in the socialist camp, and national interest, prescribing a more autonomous trajectory, is certainly insightful, finding its concretization in the internal split between "anti-Westerners" and "modernizers". Additionally, a controversial historical legacy and the recent memory of China's invasion have further complicated Vietnamese perceptions towards the powerful neighbor. The explanatory variable, however, should be identified in the persistence of a direct threat to Vietnam's territorial integrity in the form of its maritime disputes with the PRC in the South China Sea, that profoundly differentiates the Vietnamese case from Myanmar, laying the foundations for Hanoi's more straightforward alignment choices.

Beijing and Beyond: Whither Russia's Response to China and Asia's Rise?

Ekaterina Koldunova

1. Introduction

China's rise has become a buzzword in both international political and expert communities. The international system has witnessed multiple examples of the political and economic rise of various powers, but never before in recent history has such a rise transformed a country with a population of well over one billion. China's rise has also made Asia's¹ rise more visible in the international arena, and engendered speculation about the coming Asian century and potential geopolitical shifts of a regional or even global scale (ADB 2011).

Reactions to China's rise have come from theoretical and practical perspectives. Scholars concerned with the first perspective consider what China's rise means for the international system—whether the international system will see fundamental transformations or China will become yet another centre of power within the current system (Kang 2007; Buzan 2010; Halper 2010). Those in the second camp debate about how other countries should react to this rise (Shambaugh 2004/05; Voskressenski 2007; Tellis et al. 2011). In this chapter, I will focus on Russian perceptions of and responses to China's and Asia's rise, considering both the opportunities and constraints faced by Russia in its policy towards East Asia.

My main assumption is that relations with China have always been of global and not merely regional significance for Russia. Since the 1970s,

This paper was made possible with support from the Russian Foundation for Humanities (grant project no. 12-03-00538a).

¹ Speaking about Asia's rise in this chapter, I chiefly refer to the rise of East Asian economies, including Japan, China, South Korea, Singapore, Indonesia, Malaysia, Thailand and the Philippines. However, India, also being a part of Asia's rise, deserves a separate analysis.

when Sino-Soviet relations witnessed a dramatic deterioration, and the US and the People's Republic of China established diplomatic relations, the Chinese factor has become an important variable in US-Soviet relations. It has remained so even in a post-bipolar period, though one cannot consider US-Russian relations to be a full analogue of US-Soviet relations in terms of their function in the international system. For this reason, one cannot consider Russo-Chinese relations to be only a part of Russia's East Asian policy. The latter has always been much less clearly articulated in comparison with Russian policy towards China. However, never before has Russia found itself in the position of a potentially weaker or even subordinate partner in its relations with China, or had to deal with China as a global player. This new international context makes the conceptualization of Russia's East Asian policy—including a better understanding of the current features of Russo-Chinese relations—and a more proactive regional policy important elements of Russia's reaction to China's and Asia's rise.

2. Russia and East Asia in the 1990s: a reluctant relationship

After the demise of the Soviet Union, East Asia was not among the top priorities in Russian foreign policy planning. The international political and economic turmoil of the early 1990s and the active pro-Westernism of the political elite at that time contributed to Russia's neglect of the Asian dimension of its foreign policy.

Though the period during which Russia hoped to join the West was relatively short and the so-called "Atlantists" (in other terminology—westernizers or integrationists) dominated foreign policy making only in the early 1990s, they nevertheless contributed essentially to Russia's withdrawal from Asia. Atlantists, represented by the Minister of Foreign Affairs Andrei Kozyrev, regarded relations with East Asia as secondary, if not insignificant, as compared to the American and European dimensions of Russia's foreign policy (Tsygankov 2010). Thus, at that time Russia not only kept a passive stance towards the region, but also substantially downgraded the scope of its relationships with traditional partners like Mongolia, Vietnam and North Korea.

Russo-Japanese relations represented a certain exception in the hierarchy of Russian foreign policy priorities at that time. The Russian leadership perceived Japan as a part of the Western bloc and at the same time hoped that Russia-Japan rapprochement would result in

massive Japanese investment in the Russian Far East (Voskressenski and Belokrenitsky 2004). However, these considerations proved to be wrong. High-level meetings between President Yeltsin and Japanese Prime Ministers in 1993, 1997, and 1998 brought neither substantial progress in economic cooperation, nor a final solution to the territorial dispute over the Kuril Islands.

On the contrary, by the end of the last century Russo-Chinese relations gained new momentum after their sharp decline during the 1960s-1980s. In 1991, Russia and China finalized an agreement on the eastern part of their border (from Mongolia to North Korea)². In 1994, a Russo-Chinese joint communique characterized bilateral relations as a “constructive partnership”. In the same year, Russia and China agreed on the western part of the Russo-Chinese border (from Mongolia to Kazakhstan). In 1996, both parties stressed their wish to build up a strategic partnership, and in 2001 they signed the Russo-Chinese Treaty of Good-Neighborliness and Friendly Cooperation. The treaty stated that both countries adhered to the principles of mutual respect to the state sovereignty, territorial integrity and peaceful co-existence (Rossiiskaia gazeta 2001).

Evgenii Primakov’s ascent to power, first as the Minister of Foreign Affairs in 1996 and later on as the Prime Minister in 1998, transformed Russian foreign policy towards Asia. Sino-Russian relations became an important dimension in Primakov’s strategy of balancing between Russia’s partners in the West and in the East. Advocating this strategy, Primakov proposed the idea of a Moscow-Beijing-Delhi triangle and expressed active support for China’s concept of a multipolar world.

All in all, by the end of the 20th century Russia’s diplomatic relations with East Asia witnessed an upswing, taking into account their low starting point at the end of the bipolar period. However, these relations remained rooted in the Soviet tradition of a military-security vision of East Asia, and Russia continued to lack comprehensive economic strategy towards this region (Rozman et al. 2006). Russia was not satisfied with the system of American bilateral alliances in the region, but it could not propose, and more importantly, implement any alternative pan-regional initiative. In 2002, Russia withdrew its military base from Cam Ranh in Vietnam, thus further reducing its strategic presence in East Asia.

² In 2004, Russia-China additional agreement resolved the remained disputable issue concerning several islands of the Amur River on the Russo-Chinese border.

Economically, Russia was not ready to react to East Asian dynamism in the early 1990s. Russia's and East Asia's economic trajectories did not have much in common. Russia had to deal with its internal political and economic perturbations at a time when East Asian economies were on the rise (see Table 1). Only Japan, which had historically led the string of East Asian "economic miracles", was entering a phase of recession. However, at that time Japan enjoyed a qualitatively different economic system than Russia.

Table 1. *Annual percentage growth rates in Russia and East Asia, 1990-2012*

Country	1990	1995	2000	2005	2010	2012
Russian Federation	-3.0	-4.1	10.0	6.4	4.5	3.4
China	3.8	10.9	8.4	11.3	10.4	7.8
Japan	5.6	1.9	2.3	1.3	4.7	1.9
South Korea	9.2	9.2	8.5	5.2	6.3	2.0
Indonesia	9.0	8.4	4.9	5.7	6.2	6.2
Malaysia	9.0	9.8	8.9	5.3	7.4	5.6
Philippines	3.0	4.7	4.4	4.8	7.6	6.8
Singapore	10.1	7.3	9.0	7.4	14.8	1.3
Thailand	11.2	9.2	4.8	4.6	7.8	6.5
Vietnam	5.1	9.5	6.8	7.5	6.4	5.2

Source: Adapted from World Bank (2013)

Moreover, East Asia's economic ascent was based on an export-oriented model of economic development. This produced a special type of de-facto, market-driven integration, which could not accommodate Russia easily. This kind of integration had been developing in the region since the 1980s, thanks to Japanese transnational companies that created region-wide production chains centred in Japan (Hatch 2010). The processes of specialization and cooperation within these production chains lay the basis for closer economic interdependence between the countries involved in them. The regional division of labor afforded Russia mainly the role of a resource supplier. The ongoing depopulation of Siberia and the Far East as well as the much higher cost of labor were among the key reasons why technologically advanced Japan and South Korea preferred to invest in export-oriented Chinese industries (which were largely using Russian resources) rather than in the Russian Far East (Voskressenski 2010).

By the beginning of the new century, China's and Asia's rise made Russia find itself in a qualitatively different international situation. Due to its asymmetrical foreign policy in the early 1990s, Russia was on the brink of exclusion from political and economic processes that had started to take shape in East Asia at the turn of the century. Russia was not a part of the de-facto integration that had emerged in East Asia. It had to wait to be invited into regional institutions like the Asia Pacific Economic Cooperation or the East Asian Summit, which it eventually joined in 1997 and 2010, respectively. Finally, Russia faced the necessity to start reassessing its East Asian and domestic policies, a task, which provoked serious internal splits within the Russian political, economic and intellectual elite.

3. Strategic partnership with China: a matter of global, not regional significance

By the beginning of this century, relations with China became a core of Russia's foreign policy in East Asia and in some respects even substituted for it. On the one hand, relations with China retained their structural significance for Russian foreign policy because of China's expanding economic clout and the new quality of China's relations with the US, the globally dominant state. Having adopted the export-oriented model, China was trying to replace Japan in the US economy in terms of "flooding" it with its low-cost commodities. At the same time throughout the first decade of this century, China became the largest holder of US debt. On the other hand, the positive dynamics of Russo-Chinese interaction throughout the past two decades resulted in a special type of interdependence between the two states. This interdependence, however, did not resemble the interdependence between China and US and, as Alexei Voskressenski argues, evolved through several structural stages following the normalization of relations in 1989 (Voskressenski 2012).

In the early 1990s, Russia's immediate task was to stabilize its border with China. Though the Russian political elite considered relations with NATO to be Russia's key security concern, it still needed a more secure border with its eastern neighbor. The 1991 and 1994 agreements became significant steps forward in Russia's relations with China, reversing a period of their deterioration, which followed a border clash in 1969. The idea of a Russo-Chinese strategic partnership articulated in 1996 and later on adopted by the Chinese and Russian leadership as the main conceptual framework for bilateral ties in the post-bipolar

period symbolized a new phase in the two countries' mutual interaction. Russian and Chinese official discourse emphasized that this strategic partnership differed from the alliances of the cold war era. It was not an alliance against any third party and at the same time represented "a relationship of a new type" (Chen 2007). Explicitly stressing that each partner regarded its vis-à-vis as an important international player, this kind of partnership is nevertheless open to various interpretations and ways of implementation.

In the international arena Russia and China have offered each other mutual support on issues related to state sovereignty, international security, and their visions of desirable parameters for the international system in general. A significant number of concurring votes in the UN General Assembly provide a quantified illustration of this support. In the late 1990s, Russia and China voted similarly on issues of sovereignty more than 93% of the time, on international security issues (international arms control, military transparency, etc.) about 85% of the time, and 100% of the time on issues of strategic stability (Zhirkov 2004). As regards East Asia, Russia also expects that cooperation with China would help it join the Pacific community.

Relations with China became a source of survival for certain segments of the Russian economy during its downturn in the 1990s. The general vision among the Russian political elite was that Russia could benefit economically from China's rise in several spheres, including its military industry, the export of machinery, and later energy. From 1992 to 1999, the most troublesome years for Russia in economic terms, China spent more than \$6 billion on Russian military equipment. Russia's military exports to China were rising until 2005, the year during which \$3 billion worth of deals were sealed (SIPRI 2013). Russia also considered its relations with China to be a means of developing the Russian Far East, since its efforts to engage Japan as a partner in this endeavour had proved to be ineffectual. Though it soon became clear that the China factor could not be the sole driving force of the Far East's development, Russo-Chinese border trade nevertheless maintained some kind of economic activity on this territory.

At the same time, both countries used their partnership to implement a balancing strategy towards the West, though the essence of this balancing varied. In the mid-1990s, when the atlantists' aspirations to "join" the West did not bring the expected results, some segments of the Russian political elite became preoccupied with the idea of counterbalancing the US with Russia's relations with China and India,

thereby “diversifying” Russian foreign policy. In some cases this thinking went even further and involved, in its turn, the possibility of counterbalancing China with Russia’s relations with India and Japan (Trenin 2006, Iwashita 2007). China in its turn, as Vidya Nadkarni argues, frequently implemented a “buck-passing strategy” in its attempts to avoid direct confrontation with the US, pushing Russia or other actors like the EU to the forefront and leaving them to restrain the dominant power (Nadkarni 2010, p. 52).

The beginning of this century saw a more pragmatic Russian approach to relations with China. This approach, personified by Vladimir Putin, actually took into account the new reality of an economically rising China, which was not a weaker partner in this relationship anymore (Trenin 2006). Russia welcomed expanded Russo-Chinese cooperation in Central Asia under the Shanghai Five framework, which included Russia, China and three Central Asian states that had to demarcate borders with China after the collapse of the Soviet Union (Kazakhstan, Kyrgyz Republic and Tajikistan); and later on in the Shanghai Cooperation Organization (SCO). The Shanghai Cooperation Organization, established in 2001 by the Shanghai Five and Uzbekistan, became a unique organization in which China and Russia shared the leadership status. For Russia, the SCO brought additional means to “stabilize Russia’s Asian underbelly” (Voskressenski 2012, p. 6), even at the expense of China’s stronger presence in Central Asia at a time when Russia itself lacked the resources to structure this region economically in its preferred way.

For China in the first decade of this century, cooperation with Russia still remained a source of technological advancement, military modernization and international support, which made the full-scale containment of China impossible (Voskressenski 2012). With the onset of the global economic crisis of 2008/09, Russia became an important market for Chinese goods, while in 2010, China replaced Germany as Russia’s number one trading partner. The construction of the East Siberia-Pacific Ocean pipeline, completed in 2012 and directed towards consumers of energy resources in East Asia, as well as the Russo-Chinese gas deal, have contributed to Russia’s ambition to diversify its energy resource supplies. The economic crisis in Europe and the shale gas revolution in the USA (however disputable its consequences may seem now) have made the task of finding alternative consumers of Russian gas a pressing one.

Disappointment with cooperation with the West has remained a unifying theme in Russo-Chinese relations. During the economic crisis, China expected to see a more cooperative stance from the US and Europe on Chinese core interests because China made some efforts to fuel the world economy in times of crisis and held the biggest share of American public bonds (Zhao 2013). However, reality did not match these expectations. The West remained highly critical of China's human rights record, especially with regard to the issue of Tibet. 2010 and 2011 saw rising US-China tensions in the Asia-Pacific when the US backed the Philippines and Vietnam in the South China Sea dispute. This dispute, which had seemed to be dormant for more than a decade, had a spill-over effect and spurred a new round of conflict between China and Japan over disputed islands in the East China Sea as well. As a result, accusations of China's more assertive international stance, and even of a regional arms race provoked by Chinese actions, have been voiced (for disputable issues of these statements see Swaine 2010b; Le Mièrè 2013). Russia in its turn remains weary of the slow progress in the international talks on Syria and the situation in Ukraine. Ongoing Western criticism of the Russian political system has made some segments of the Russian political elite consider the Chinese model as a viable way of economic development that does not necessarily go hand in hand with political reform (Voskressenski 2012).

However, alongside the enumerated factors, which have brought Russia and China closer to each other, there are also factors that call for a reassessment of the current state of affairs in bilateral relations. One of the troublesome symptoms in these relations is a growing qualitative imbalance in Russia's trade with China. As Russian exports to China have become more and more resource-oriented, there have been concerns that increasingly asymmetric economic relations could lead to asymmetric relations in the political sphere as well (Swanström 2014).

The general opinion is that Russia needs more diversified economic cooperation with China. This task is, however, hardly feasible in the near future. The idea that Russia may somehow benefit economically from China's rise seems to have its limitations and currently only concerns some sectors of Russian economy, as mentioned above. Russia's export of military equipment has been steadily decreasing since 2006, and in 2012 constituted only \$679 million—4.5 times lower than it was in 2005 (SIPRI 2013). Bilateral trade has seen the rise of assembled products in China's exports to Russia and a growing share of natural resources in Russia's exports to China (more than 67% in 2013) (Ministry of Econom-

ic Development of the Russian Federation 2014). The aforementioned transformations in the bilateral military-technical cooperation have had unpleasant side-effects, namely Chinese production of its own military equipment by copying Russian technology.

Despite some suggestions that cooperation with China could become an alternative for Russia's cooperation with the West, it still cannot be a substitute in terms of social and technological modernization. China itself is looking for ways to build up innovative sectors in its economic development wherever possible, and in terms of integration into the international community China represents a competitor rather than a partner of Russia (Rowen et al. 2008; Swanström 2014). At the same time, the new reality to which Russia has to react involves China as a global player with its own clearly defined interests, which may diverge from Russia's interests, and with the ability to support them economically (Trenin 2012).

Although the considerations that keep Russia and China close in the international arena today seem to prevail at least in the mid-term, this does not mean that Russia does not need to face the dilemmas associated with China's rise. China's rise challenges Russia in several dimensions, relations with China itself being only one of them. In fact, the Russo-Chinese strategic partnership is still very much defined by tactical considerations rather than by elements of a strategic vision of bilateral relations (Shevtsova 2013). In addition to this contradiction, Russia also has to deal with the internal and regional dimensions of the challenge posed by China's rise. The internal dimension of this challenge poses the question of how Russia should deal with its economically underdeveloped Far East, which is Russia's only gateway to East Asia and the Asia-Pacific. The regional dimension highlights the need for Russia to have a more visible and diversified strategy towards East Asia—not one that is based on the balancing calculations, but one that contributes to Russia's own development and is compatible with East Asia's rise.

4. Russia's East Asian borderland and Far Eastern dilemma

Since the early 1990s, the Russian Far East has faced economic stagnation and demographic decline that has significantly exceeded average levels of depopulation in Russia. The Federal Programme of the Far Eastern and Transbaikalia Regions' Economic and Social Development adopted in 1996 has chiefly remained on paper without many practical

implications. Some non-official estimates demonstrated that by the end of the first decade of this century, the programme saw only about 25% of its implementation³. With East Asia's economic rise, the asymmetry between Russia's most peripheral region and Russia's Asian neighbors has been rapidly expanding.

However, the region has seen a kind of integration with East Asia, a much desired goal of the Russian political elite since Mikhail Gorbachev, but this has happened in a distorted way. This "integration" is mainly a result of shadow economy deals involving Russian timber and some other products, and of migration flows consisting of Russians looking for a better life in China and Chinese coming to the Far East (Bogaturov 2004). The ongoing failure of the government to resolve the socio-economic problems of Russia's Asian regions has even prompted some analysts to conclude that Russia cannot sustain the burden of its vast territory and needs to "shrink" (Hill and Gaddy 2003). At the turn of the century, the socio-economic problems of Siberia and the Far East became particularly visible when the Chinese North-Western regions, which had previously suffered from underdevelopment to more or less the same extent as the Far East in Russia, started to witness positive economic dynamics.

The decision to host the 2012 APEC Summit and to transform Vladivostok into a venue for it became a turning point in Russia's Far East policy, for it heralded a more attentive approach to the development of the Far East within the Russian government. At the same time, preparations for the summit revealed a serious internal debate concerning the ways to develop Siberia and the Far East among the Russian political elite. When Russia started its preparations for the summit, it became clear that Russia's partners in East Asia could be interested in joint co-operation in the Far East only to that extent to which Russia was ready to make an effort to transform it. As the more than limited success of the Federal programme demonstrated, the traditional bureaucratic way of doing things was not appropriate for upgrading economic and social conditions in the Far East.

Just two years before the APEC Summit, the then-Prime Minister Vladimir Putin instructed Sergei Shoigu, the Minister of Emergency Situations at that time, to develop a draft project on the so-called "Eastern Corporation", an autonomous state agency that could focus specifically

³ Discussion at the First Asia-Pacific Forum, Russian International Affairs Council, November 28-29, 2011.

on the development of Eastern Siberia and the Far East and which would have expanded authorities, including financial mechanisms, for this matter (Sumsky and Simonia 2012). However, the blueprint of the corporation met with severe resistance from some segments of the financial bureaucracy. The Minister of Finance Anton Siluanov proposed instead to create a Federal Agency, a structure of a much lower status and limited mandate.

In 2012, a kind of consensus was reached with the creation of the Federal Ministry for the Development of the Far East. In October 2013, a new round of intra-bureaucracy battles resulted in a government decision to transfer some responsibilities from the Ministry of Regional Development, the Ministry of Economic Development and the Ministry of Finance to this Ministry. However, the prospects of the new Ministry and the Programme of the Far Eastern Development prolonged in 2013 remain unclear. The programme requires at least 3.8 trillion roubles (about \$100 billion) for the period till 2025, though the Ministry of Finance seems to be reluctant to adjust the state budget accordingly (Butrin and Ntreba, 2013). Not less important is that some parts of the Russian political, economic and intellectual elite still question the need for extra efforts to develop the Far East.

In addition to the debate on the kind of agency that should manage the development of the Far East, the government has also faced two diverging concepts of such development, as personified by the ex-Minister of the Development of the Far East Victor Ishayev and the first Vice-Premier Igor Shuvalov, who was responsible for the 2012 APEC Summit. The former advocated the standard scheme of expanded state budget-financed investment in the social sphere and infrastructure, while the latter proposed to focus on certain clusters that could attract private investments and generate economic growth. In September 2013, President Putin replaced Victor Ishayev with the new Minister of the Far Eastern Development Alexander Galushka and nominated Yuri Trutnev for the post of Vice-Premier and President's Representative in the Far East, thereby showing that the second concept had clearly won the competition. After the Northern Caucasus, the Far East became the second federal district where the President introduced a special scheme of governance with one person holding the posts of the President's representative and a Vice-Premier at the same time (Gabuev 2014).

The model that Trutnev and Galushka proposed to implement in the Far East had three conceptual components. The first involved creating an

export-oriented economy, first of all in the natural resource sector. The second had to do with providing extra-favorable conditions for business, comparable to and even surpassing those existing in the neighboring East Asian economies. The final component pays attention to the need to develop more sophisticated industries like the space industry (Amur region), aircraft building (Khabarovsk region), shipbuilding and assembly industries (Vladivostok) in addition to natural resource exploration (Popov 2013). Though the results of this regional development model still remain to be seen, it is clear that Russia has started to look for a more proactive solution to its Far Eastern dilemma.

5. Russia's East Asian policy dilemma

China's rise has highlighted not only Russia's perennial problem of the Far East's backwardness, but also the lack of a systematic Russian policy towards East Asia despite Russia's growing involvement in the regional affairs. Due to Russia's modernization agenda proclaimed by President Dmitry Medvedev during his 2008-2012 term, Russia did not seem completely inconsistent with the overall regional trends in East Asia any longer (Sumsky 2011, Table 1). Russia has become a constructive player in the majority of regional institutions and has been willing to contribute to the solution of such pressing problems as Korean nuclear issue, both through political dialogue in Six-Party talks and regional economic projects like the Trans-Korean railroad and gas pipeline constructions.

However Russia's real economic involvement in East Asia remains relatively low. Enjoying quite stable trade relations with China (10.5% trade turnover in 2012), Japan (3.7%) and South Korea (3%), Russia nevertheless lacks a comprehensive economic presence in the region (Russian Federal Customs 2013). At the same time, it was suggested that in order to avoid an overdependence on China and become an actor with a visible regional presence, Russia needed more diversified relations with the majority of East Asian states (Sumsky et al. 2012). In line with this thinking, Russian diplomacy has undertaken some steps to invigorate Russia's relations with Japan, South Korea and Vietnam. Thus, in 2013 for the first time in their history, Russia and Japan started a strategic dialogue under the 2+2 formula, which involves meetings between the defence and foreign affairs ministers of both countries. Japan's relative economic decline and potential shift to the category of "middle power" in the region may also open new prospects for bilateral cooperation.

Strategically and politically prioritising its alliance with the US, however, Japan has been facing the need to maintain its role in the regional affairs. Losing room for manoeuvre due to China's rise, Japan may well consider Russia as an important partner while expanded relations with Japan will help Russia support its status of a Pacific power (Miller 2012). As Alexander Panov argues, there are no obstacles for Russo-Japanese cooperation apart from the territorial dispute (Panov et al. 2012), which is not the case, for example, for Sino-Japanese relations.

Japan and South Korea remain Russia's two most likely East Asian partners for modernization, an idea advocated by Dmitry Medvedev during his presidency. In fact, Russia-South Korea relations represent a model for such a kind of partnership. Russia and South Korea have managed not only to maintain a relatively high level of bilateral trade but have also engaged in technological cooperation in space exploration and atomic energy production, spheres where Russia enjoys competitive advantages. Russia contributed technologically to the construction of the South Korean Naro Space Center and the launch of the KSLV-1 rocket, which delivered a satellite into space in 2013 (Ivashentsev 2013). In addition to the diversification of trade, Russia aims to expand technological and industrial alliances with South Korea while the latter hopes that a stronger economic connection will push Russia to take a tougher stance regarding North Korea (Panov et al. 2012).

In 2012, Russia upgraded its relations with Vietnam, Russia's key counterpart in Southeast Asia, to the status of comprehensive strategic partnership. By this time, bilateral ties have been expanded to a variety of spheres, including trade, oil and gas exploration by joint ventures in Vietnam and Russia, free trade area talks and high-tech projects in the nuclear industry. Vietnam has become home for about one hundred projects with Russian investments and a flagship for Russia's potential advancement in Southeast Asia. When launched, Russia-Vietnam FTA may well serve as a model for Russia-ASEAN FTA as well.

On the multilateral level, the agenda that Russia prepared for the 2012 APEC Summit contributed to a conceptual assessment of the spheres in which Russia could be compatible with regional economic trends. Realizing its disadvantages in terms of the cost of labor force and ability to reproduce the export-oriented model adopted by East Asian states, Russia could well succeed in energy cooperation with the region, contribute to its food security and propose new infrastructure projects (Sumsy et al. 2012). Without deviating from APEC traditional

priorities in times when trade liberalization's prospects worldwide remain dubious, Russia nevertheless managed to modify them in a constructive way. Russia's APEC contributions in the spheres of creating "smart" infrastructure and generating innovative impulses for growth were much in tune with East Asian countries' visions of increased regional connectivity. However, with the APEC Summit being over Russia seemed to have lost some steam in playing a proactive role in regional institutions. The regional business community expressed disappointment that Russia's business agenda, including the ideas of launching an alternative to the Suez Channel and Malacca Strait trade routes via the Northern Maritime Route has not been further developed to date (Gabuev 2014).

Regional security problems like territorial disputes in the South China Sea, which have divided Russia's strategic partners China and Vietnam, have impelled Russia to remain neutral, to avoid taking sides openly and mainly concentrate on pushing forward its initiative of a new regional security framework within the East Asian Summit discussions (ASEAN 2013). However, addressing the interests of many regional actors, this idea still lacks more concrete conceptualization and may face difficulties in surpassing the logic of bilateral alliances in the region. A tactic of keeping neutrality has given Russia time to focus on important bilateral tracks like those mentioned above. However, to date these developments alone have not helped to unite Russian actions on the multilateral and bilateral levels into a more cohesive strategy. Thus, Russia's response to Asia's rise remains fragmented.

6. Conclusions

China's and Asia's rise made Russia face a number of dilemmas. On the global level, China's rise contributed to the international system's transformation towards a polycentric structure. Both Russia and China have been advocating this idea since the 1990s. Now, as the polycentric world has begun to take shape, Russia seems unprepared to operate within this new reality.

However, Russia did not remain passive in its response to China and Asia's rise. The dynamic transformations in Russia's neighboring region inevitably drove the Russian political, economic and intellectual elites to initiate a process of reassessment of its approaches to the country's domestic development and foreign policy towards China and East Asia. The most important outcome of this process so far seems to

be Russia's desire to find an optimal way for an accelerated Far Eastern development, a task that remained neglected for several previous decades. Russia's efforts to diversify its relations with its East Asian neighbors also bore some fruit, while Russia's APEC chairmanship gave an impetus to intellectual conceptualization of Russia's economic strategy towards the region.

137

These positive developments do not overshadow the fact that Russia's quest for a congruent response to China's and Asia's rise remains in its initial phase and so far brings more questions than answers. However, it is clear that the success of this response is very much dependent on the success of Russia's efforts to modernize in economic and political terms and to become integrated in the international system.

The Obama Administration and the Chinese Challenge

The Pivot and the Trans-Pacific Partnership

Matteo Dian

1. Introduction

In the near future, the People's Republic of China is likely to become the primary economic, political, and military competitor to the United States. The grand strategy of the Obama administration has been deeply influenced by the need to face the multidimensional challenge presented by the continuing ascent of China's economic and military power. The so-called "pivot" to Asia, also labeled "strategic rebalancing", represents the central pillar of this strategy. The aim of the pivot is to reaffirm American primacy in the Asia Pacific region militarily, diplomatically, and economically.

This chapter will be divided into three different sections. The first will describe the nature of the Chinese challenge in the long term, highlighting how Beijing's ascendancy should not be understood in military terms, but mainly in economic and political terms. The second section will describe the main features of the pivot to Asia promoted by the Obama Administration since 2010, and will emphasize how it represents a multi-dimensional response aimed at facing the Chinese challenge. In the third section, I will focus attention on the economic dimension of the pivot, embodied by the expansion and the deepening of the Trans-Pacific Partnership. The TPP represents an attempt to reaffirm the American centrality in the economic and commercial field, as well as an effort to restate Washington's capacity to shape rules and norms of the economic integration in the Asia Pacific Region.

2. Beware of the return of Sino-centrism

The Chinese ascendancy represents a fundamental challenge to American primacy and to the contemporary international order (Mahbubani 2007; Mastanduno 2003; Ikenberry 2004). Several analysts and scholars, especially those belonging to the realist approach, conceptualized this challenge focusing on the rapid growth of Chinese military capabilities and the modernization of the Chinese armed forces (Friedberg and Ross 2009; Yoshihara and Holmes 2010; Luttwack 2012)¹. Others described the Chinese challenge in political and ideological terms. Even if the Chinese political system does not represent a radical alternative to the Western model, as the USSR did during the Cold War, it nevertheless proposes a different model in response to the main dilemma of globalization. China's "state capitalism" has been portrayed in China and abroad as a potential alternative to the Western model built around liberal democracy and capitalism. Therefore, even if the Chinese ideological challenge does not entail another challenge for the "soul of mankind" (Leffler 2007), it does represent a serious ideological counterpart to the Western model (Bremmer 2009; Schmaltz and Ebenau 2012; Dian 2012).

Here I will argue that those aspects, though relevant, do not represent the most urgent threat to the American primacy. The key challenge is represented by the establishment of a renewed Sino-centric system in East Asia. The possibility that China would be able to create a new Sino-centric system has been suggested by several IR theorists and China scholars. According to scholars such as David Kang, William Callahan, Barry Buzan, and Zhang Yongjin the return of China to a great power status after a century and a half of internal turmoil and weakness could lead to the reconstitution of a regional order similar to the Sino-centric order that had characterized the region before Western colonization and the decline of the Qing dynasty (Zhang and Buzan 2012; Kang 2007; Callahan 2008). The Sino-centric system, which characterized East and South East Asia during the period between the 14th and 19th centuries, did not involve the recognition of the equality between different sovereign states, as had occurred in Europe. China possessed a hierarchically superior position that the other states recognized by paying tributes to it. China was the center of a highly integrated system in which trade flourished. China did not try to conquer its neighbors by military means

¹ See the chapter *Friend or Foe? Chinese Strategic Thinking and the Transformation of the People's Liberation Army*.

or to exercise its power directly. It demanded to be recognized as a hierarchically superior state and demanded tribute. In exchange, other states could retain their sovereignty and self-government (Fairbank 1968; Kang 2005, 2010; Cunningham-Cross 2012; Xueting; 2011; *contra* Feng 2009 and Larsen 2013).

The return of China to a position of leadership in the region and to great power status might lay the foundations for the constitution of a new Sino-centric order. While the pre-modern Sino-centric order was chiefly based on the recognition of Chinese cultural and political superiority, the new order would likely be primarily based on the Chinese capacity to promote economic growth and commercial integration in the region. China would return to its position of regional leader in virtue of its role as the major engine of regional economic development (Acharya 2003; Callahan 2008).

This scenario is associated with a perception of the United States as a distant hegemon, not interested in the region or committed to the provision of public goods such as security and economic integration. According to Kang for instance, South East Asian states radically changed their perception of the American leadership after the 1997 Asian financial crisis, when the US was perceived to do little to prevent them from suffering huge economic losses, contributing to the imposition of harsh IMF conditions (Kang 2007). The United States and South East Asian countries fundamentally disagreed on the causes of the crisis. Washington identified the problems of Asian “crony capitalism” and the ineffective regulation of financial markets. Countries such as Thailand and Indonesia identified the problem to be the sudden opening of their financial markets, induced by the IMF and the United States, and the subsequent volatility (Haggard 2000).

As Donald Emmerson noted, “within ASEAN Washington was reproached with hostility, or indifference for torching the region’s economies and letting them burn” (Emmerson 1998). A number of the governments of the South East Asian states hit by the 1997 crisis indeed harshly criticized the American government’s behavior during the crisis, and in particular the opposition to the creation of an Asian Monetary Fund, able to alleviate the financial damage consequential to the crisis. Washington, through the IMF, pressured South East Asian states to open their capital markets, and, later, did not help them to face the problems caused by the very opening itself. America’s failure to respond to the crisis strengthened the Chinese standing in the region,

giving Beijing the opportunity to assert itself as a reliable partner and a rising economic power.

The “Global War on Terror” reinforced these trends, especially among the large Muslim populations, such as Indonesia and Malaysia. On the one hand, the United States appeared overwhelmingly focused on the Middle East. On the other, they seemed keen to interfere in the domestic affairs of Asian states whenever a potential Islamist force appeared on the political scene. Consequently, the Bush administration led South East Asian states to feel both abandoned and threatened by potential American interference in their domestic affairs (Acharya and Acharya 2007; Capie 2004; Hughes 2012).

Between 1997 and 2008 China exploited these deteriorating perceptions of the American role in the area in several ways. Firstly, it managed to deepen the economic relations it had with East and South East Asian states, assuming an increasingly central and indispensable role in the process of economic development and integration in the area. Secondly, it promoted a process of institutionalization, especially in the economic and financial realms, which increasingly and explicitly excluded the United States, as well as other “Western” members of APEC, such as Australia and New Zealand. The most significant institutional initiatives promoted in Asia during the crisis, such as the ASEAN+3, did not foresee the participation of the United States. Notably, both included China, Japan, and Korea along with the ten ASEAN members.

ASEAN+3 was essentially aimed at improving the level of financial integration in the region. The main institutional developments originated by the creation of ASEAN+3 were two important intra-Asian mechanisms of cooperation: the Chiang Mai Initiative, a regional mechanism aimed at supplying liquidity to countries experiencing problems like a financial crisis and a sudden debt crisis; and the Asian Bond Markets Initiative aimed at strengthening the regional bond market with the aim of avoiding the currency mismatches which had worsened the 1997 Asian Crisis (Goh 2007a). These initiatives demonstrated how South East Asian countries could consider Beijing a reliable partner and, in perspective, a new leader in the region, able to provide financial and economic public goods, during a period when the United States ignored or underestimated the collective problems of the region.

Together with these new forums, China promoted a vast array of bilateral and multilateral free trade agreements (FTAs). By early 2014, Beijing had signed agreements with Hong Kong, Macau, Taiwan,

ASEAN, Pakistan, Chile, New Zealand, Singapore, Peru, and Costa Rica. Moreover, negotiations are under way with Australia, Iceland, South Korea, Norway, Switzerland, the Gulf Cooperation Council (GCC), and the Southern African Customs Union (SACU). As Song and Yuan argued, these negotiations are not primarily inspired by economic motives, but rather by political aims. Beijing wants to nurture positive economic and diplomatic relations and make its rise more acceptable in Asia and globally (Song and Yuan 2012).

This process led to the opportunity to create an Asian-only process of economic integration that would exclude the United States from the economic development of the region. This would involve both economic and political drawbacks for the US. On the one hand, the United States would be excluded from the growing network of Asian free trade agreements. According to estimates, the United States were going to lose up to \$25 billion in this arrangement, due to trade diversion caused by both tariff and non-tariff barriers. On the other hand, Washington would be excluded from the table, the place where rules and norms shaping economic governance are decided. This would inevitably lead to an increased influence of China in the regional economic governance (Bergsten 2007).

Consequently, this arrangement would also have fundamental political and strategic implications. In the longer term, most Asian states will face a choice between closer alliance with a rising China and the declining United States. Since China is often held to be the engine of future economic growth in the region and, above all, because of the normative and cultural heritage of the Sino-centric system, governments in the region might prefer to align with Beijing rather than with Washington. In the longer term, it is this very real possibility that constitutes the most serious threat to American primacy.

3. The economic dimension of the pivot

The grand strategy of the Obama administration has been deeply influenced by the awareness that while the United States had concentrated a sheer amount of political, military, and diplomatic resources on the War on Terror and in the Middle East, the Chinese ascent has gradually changed the Asia-Pacific region, determining a fundamental power shift in the area (Kurlantzick 2007; Medeiros 2009; Bader 2013). Therefore, the Obama administration promoted a grand strategy centered on two

main axes. The first was a phase of retrenchment, marked by the reduction of direct military exposure in the Middle East, especially in Iraq and Afghanistan. The second phase, which was labeled “counterpunching”, was characterized by an effort aimed at the reaffirmation of American influence in key regional theatres, such as Asia-Pacific, where US primacy is challenged by potential competitors (Drezner 2011). The primary consequence of this grand strategy was a process of re-engagement in the Asia-Pacific region, also defined as the “pivot to Asia”. Since 2010, senior representatives of the Obama Administration, as well as the president himself, have issued a series of announcements, indicating that the United States was going to strengthen its already considerable role in the Asia-Pacific region.

As the Secretary of State Clinton declared in her “Foreign Policy” article in November 2011, the Obama Administration considers the Asia-Pacific, much more so than the Middle East, the region in which future geopolitical equilibria will be decided (Clinton 2011). According to Clinton, indeed, Washington dissipated too many military, human, and economic resources in costly state-building efforts in the Middle East, leaving possible competitors, such as China, to build up their capabilities and influence. Underlying the “pivot” is the recognition that a global power shift towards East Asia is changing the contemporary geopolitical realities. Therefore, the center of gravity for the US foreign policy and security strategies should be realigned accordingly (Mahbubani 2009; Layne 2012; Quah 2011; *contra* Cox 2011).

The pivot encompasses diplomatic, economic, and military aspects. Under the diplomatic point of view, Washington recently undertook a significant number of initiatives that led to a bilateral *détente* with former enemies such as Myanmar and Vietnam (Haacke 2012; Kipgen 2013).

The second dimension of the pivot is eminently military. The “pivot to Asia” has entailed a reconfiguration of the US military posture overseas, a reduction of the forces deployed in Europe, and possibly in the Middle East, and an increased American presence in the Asia Pacific theatre. The United States reaffirmed and deepened their security relations with key Asian allies such as South Korea, Thailand and, most importantly, Japan (Dian 2013, 2014a; Park 2013; Stuart 2012). Moreover, the US armed forces reinforced their presence in the area and approved a new operational concept, labeled Air Sea Battle, aimed at defeating the Anti-Access Area Denial strategy, which is the main

strategy likely to be implemented by the Chinese PLA (Dian 2014b; Rovner 2012; Schreer 2013²).

The third dimension of the pivot entails a comprehensive economic and commercial re-engagement in the region. The strategic relevance of the pivot's economic dimension was largely underestimated. However, assigning the correct impact to this dimension in the analysis is essential to understanding both the long term policy on Asia developed by the United States and to grasping the evolution of Sino-American relations likely to develop in the foreseeable future.

The Obama administration has demonstrated itself aware of the basic contradiction of the contemporary Asia-Pacific region. The United States remains a key security provider for a vast network of allies and partners, reaching from Japan to the Philippines, Thailand, and Australia. All those states, however, are developing increasingly deep forms of economic and commercial integration with Beijing. Washington fears they could be subject to an "economic Finlandization"³, preferring the economic prosperity assured by a closer relationship with a rising China to the security offered by an alliance with the United States (Kang 2007).

The economic dimension of the pivot to Asia aims at avoiding this development, reaffirming the American role as the main promoter of the process of regional commercial and financial integration, and to reassert its function of "indispensable nation" for the processes of economic and political governance.

In order to do so, the United States must restore what Anne Marie Slaughter defined as "network centrality" (Slaughter 2012). She defined this concept as "a state's ability to position itself as close to the center of critical networks as possible and to mobilize, orchestrate and create networks will prove a vital source of power. The United States should thus strive to be the most central node—the supernode—in the networks that are most important to advancing its interests and that are most connected to other networks" (*ibid.*, p. 46).

Consequently, in order to prevent China from building a new Sino-centric order and imposing its rules and interests on the Asia-Pacific region, the United States should act as a "super-node". Consequently,

² See in this book, chapter 3, by Giacomello and Dian.

³ "Finlandization" is the process by which one powerful country strongly influences the policies of a smaller neighboring country, causing the smaller country to become like Finland was perceived by many in the West to be during the Cold War.

Washington should not be excluded from any relevant institutional forum driving economic integration. The Chinese should not be allowed to “draw a line in the Pacific”, demarcating Washington from the fastest growing region in the world. Secondly, the United States should drive the process, shaping it according to their vision, interests, and values. Thirdly, the Obama administration should aim to strengthen those institutions which provide and aliment important connections between American and other partners, both at the governmental and non-governmental level.

The American effort aimed at promoting the enlargement and the deepening of the Trans-Pacific Partnership is the main political consequence of these efforts. The Obama administration aims at turning the TPP into the most relevant trade agreement of the region (Petri, Plummer, and Zhai 2012).

The expansion and deepening of the Trans-Pacific Partnership represents an effort to play the double-faced role Michael Mastanduno defined as the “system maker” and “privilege taker”. As he stated:

“over the course of the past sixty years the United States has played a dual role in international economic relations. On the one hand, it has served consistently and self-consciously as the leader of a liberalizing world economy. The United States has created, maintained, defended, and expanded a liberal economic order to serve national economic and security interests. U.S. officials have sought to provide the public goods necessary to assure that the system maintains forward momentum. On the other hand, the United States has taken advantage of its privileged position within that international order to serve its own particular ends” (Mastanduno 2009, p. 121).

The economic dimension of the pivot, embodied by the enlargement and the deepening of the TPP, therefore constitutes an element of logical and strategic continuity in the role the United States had played throughout the post-war period. As in the past, Washington behaves as “system maker”, promoting institutionalization, liberalization, and economic integration. These efforts, however, are by no means neutral. They are rather aimed at fostering American primacy and American interests.

From these points of view, it is possible to appreciate the strategic and political relevance of the effort to rebuild American centrality in the process of economic rule making in the Asia Pacific region. If successful, the TPP would contribute to re-shaping the landscape of economic integration in the Asia Pacific region and would participate in reaffirming the American capacity to shape economic governance in the region. The success of the TPP would reaffirm the US capacity

to act as both a system maker and privilege taker, contributing to the design of the rules and institutions that will shape the future economic interaction in the fastest growing region in the world.

Consequently, the TPP and the “economic pivot” would entail two sets of advantages. Politically, Obama’s strategy is aimed at alleviating the fundamental dilemma Asian allies of the United States are facing: choosing between security offered by Washington and prosperity offered by Beijing. If the TPP will succeed, promoting deep economic integration in the region, the prosperity of Asian countries will be strongly related to trans-Pacific integration and to economic exchanges with China.

The TPP and the creation of a genuine form of trans-Pacific economic integration would also bring significant economic advantages. It would contribute to the creation of a comprehensive template for economic relations involving the United States; it would push forward the process of liberalization of exchanges after the stalemate of the Doha Round. Finally, it would contribute to the extrication of the noodle bowl, which is now characterizing the current Asian economic landscape, while reasserting the American role in it. However, the process of reengagement centered on the TPP has not just a merely economic significance.

As the Japanese ambassador to the US, Kenichiro Sasae, stated: “The TPP is a game changer, economically and diplomatically” (Sasae 2013). Without the TPP, the pivot would be considered a purely military strategy. Such a strategy would foster the present dilemma that afflicts South East Asian and East Asian states, namely the choice between the prosperity induced by the Chinese ascent and the security offered by the American military presence.

On the contrary, the TPP is fundamental in making the pivot to Asia a genuinely multi-dimensional strategy, aimed at resolving that dilemma and renewing the American capacity to include, socialize, and bind their partners in Asia.

4. The Trans-Pacific Partnership

In order to clarify the significance of the TPP as part of the American pivot to Asia, it is useful to briefly describe its origin and the evolution of its purpose. The TPP was originally conceived as a free trade agreement among Brunei, Chile, New Zealand, and Singapore. When it came into force in 2006, it was considered one of the many economic

and commercial agreements composing the inextricable noodle bowl of Asia Pacific trade.

The relevance of the TPP was radically altered by the intention of the United States to participate in the negotiations, initially announced by the Bush administration in March 2008. In November 2009, the Obama administration announced that the enlargement of the TPP was a keystone of American trade policy and that the enlarged partnership had “the goal of shaping a regional agreement that will have broad-based membership and the high standards worthy of a 21st century trade agreement” (Fergusson et al. 2013, p. 3). Together with the United States, Australia, Canada, Malaysia, Mexico, Peru, Japan, and Vietnam entered negotiations for admittance into the TPP.

The TPP was described as a “comprehensive and high-standard FTA that aims to liberalize trade in nearly all goods and services and include commitments beyond those currently established in the World Trade Organization (WTO)” (*ibid.*, p. 4). If concluded as envisioned, the TPP could potentially eliminate tariff and non-tariff barriers to trade and investment among the parties and could serve as a template for a future trade pact among members.

The approval of this agreement would entail several consequences. On the one hand, it would constitute the vastest free trade area at the global level. Moreover, it will allow the United States to reaffirm their capacity to shape rules and norms at the international level. The TPP, in fact, is not simply aimed at favoring free trade between North America, Latin America, East and South East Asia. It rather represents a comprehensive effort to disentangle the current “noodle bowl” that marks the Asian economic system and to prevent China from edifying a Sino-centric economic order, in which Beijing would be able not just to establish highly asymmetric economic relations, but also to shape the economic interactions according to its interests.

In order to achieve these goals, the TPP needs to be a high quality agreement: it has to embrace a large number of significant sectors and needs to shape, in depth, the future of economic interaction in Asia. The TPP has to be different from other inter-Asian FTAs, especially from the FTAs promoted by China. The latter, in fact, are largely “low quality agreements”. They do not cover many areas aside free movement of goods. To achieve its economic and strategic aims, the new agreement needs to be significantly deeper and more comprehensive than any other previous agreement realized in Asia to date. The TPP

should be a “gold standard” of FTAs, including a wide array of areas and subjects.

149

The agreement under discussion consists of 29 chapters. Besides free movement of goods, the TPP is supposed to cover services, agriculture, intellectual property rights, rules of origin, competition, labor, environmental standards, state-owned enterprises, regulatory coherence, and supply chain competitiveness. Several of those issues have never been regulated by an international FTA before, nor are they covered by the WTO agreements (Fergusson, 2013)

The peculiar and “deep” nature of the economic integration envisaged by the TPP has also been stressed by the then nine countries’ leaders at the APEC summit in Honolulu in 2011. They defined the TPP as “a comprehensive, next-generation regional agreement” (APEC 2011). The TPP would not simply contribute to the tearing down of tariff barriers. It would also promote the adoption of a number of rules aimed at significantly diminishing the presence of non-tariff barriers to trade and economic integration. A great many of the old and new members will engage in a complex array of domestic reforms to reach the standards required by the TPP, both in terms of the removal of protection of the domestic market and in terms of establishing minimum standards.

Clearly, reaching such a “gold standard agreement” and enforcing it will not be easy. Different countries will have to bear substantial political and economic costs to be part of such an agreement. Several governments will have to endanger, and hurt, the interests of relevant political constituencies.

Advanced capitalist countries will have to face different problems compared to developing countries. In general, they will likely face domestic problems related to the increased degree of openness and the consequential impossibility of protecting key political constituencies. The less advanced economies will be forced to implement higher standards in terms of labor rights that could potentially lead to a sharp decrease of their international competitiveness. An example of the first case is Japan. The government led by Abe is facing fierce opposition by farmers and fishermen, a traditional constituency of the Liberal Democratic Party. Japan will be compelled to dismantle the high tariffs currently applied to traditional agricultural production such as rice (Suthimanus 2013). Other countries such as Vietnam will be compelled to enact even more decisive reforms. In order to meet TPP standards, they will have to revolutionize their economic policies, to respect labor standards and, more general,

human rights, reducing the role of SOEs, and enacting policies oriented to promote transparency and fight corruption. Moreover, in order to allow their products to enter the Trans-Pacific market they will need to improve phyto-sanitary standards and rules of origin (Chia 2013).

This brief analysis of the content of the trans-Pacific agreement highlights how the United States considers the TPP an instrument both of “system making” and “privilege taking”. The agreement introduces formidable incentives for members to enact reforms that they would otherwise never have introduced because of insurmountable domestic opposition. Japanese rice producers and Vietnamese SOEs are just the most evident examples. At the same time, the TPP has the potential to shape the economic interaction in terms favorable to the United States, compelling those partners to embrace a path towards economic liberalization favoring commercial and financial integration with the American economic system. Moreover, the content of the agreement shows why the TPP is a fundamental dimension of the pivot to Asia and it has a fundamental strategic and political value. This agreement aims to structure the future economic integration, introducing norms and standards that are entirely at odds with the present Chinese model and strongly against the economic interests of Beijing.

While China has been promoting FTAs based on goods, where it is particularly strong, the US are proposing an agreement which is also centered on investments and services, where America still enjoys a leadership position. Moreover, the TPP introduces high standards covering several issues in which Chinese standards are particularly low. The most central issues pertain to the role of the state in the economy with particular reference to SOEs, to labor law, human rights, intellectual property, rules of origin and phyto-sanitary standards.

Ultimately, if the TPP cannot be defined as an “economic containment” of China, it does represent a way to counterbalance Chinese economic expansion and the increased political leverage it has determined. As Petri and Plummer stated, the future of the economic integration in East Asia rests in a “contest of templates”. In the first template, the intra-Asian one, China would be at the center of the process and would be able to dictate rules and norms. Within the framework of the second, the trans-Pacific template, underpinned by the TPP, the United States would be able to shape rules and norms of the process of integration in the Asia Pacific region. As a consequence, this would strengthen their global leadership.

Many commentators have stated that the Asian policy of the Obama administration is not very different from previous administrations. They stressed how the United States have never left Asia and how the Clinton and Bush administrations confirmed their commitment to acting as a security provider in the area, and to how they deepened and strengthened bilateral alliances with key regional partners. The Obama administration, it was argued, placed much rhetoric emphasis on the pivot, but promoted only a few minor policy changes, for instance, the opening with Myanmar and a rapprochement with Thailand and Vietnam. This chapter highlighted that the pivot is a completely different strategy. Moreover, this difference does not only consist of matters of emphasis, rhetoric, or the diplomatic opening to Myanmar and other South East Asian States.

Scholars who stress the continuity between the pivot and the past tend to concentrate their attention only on the military dimension, forgetting the economic and normative side of the current economic transformation. The difference the pivot has made is deeply related to the economic dimension. The Obama administration understood better than its predecessors the dilemma its Asian partners are facing. While it appears quite clear that the United States remains a credible security provider in military terms, its capacity to provide rules and norms for economic interaction has been eroded.

The key problem with the role of the Bush administration was not that it was too busy dealing with the Middle East and the War on Terror, but the fact that the War on Terror reshaped the cognitive lens with which the region was viewed, leading to a reinterpretation of the Asian reality. This allowed China to lead the process of integration in the economic realm, promoting forms of interaction based on its own interests and norms. This created a fundamental problem. Asian states started to consider alignment with China as essential to their economic wellbeing, and as important in economic terms as the United States is for their security. The Obama administration reacted not just by reaffirming its commitment in terms of military presence, deterrence and diplomatic activism. It rather promoted a new normative framework that will potentially enhance America's capacity to act as "systems maker" in Asia for decades to come.

As a consequence, the TPP and the economic dimension of the pivot do represent a substantial element of discontinuity with previous

152 | American strategies in Asia-Pacific, while remaining a fundamental part of Washington's effort to face the China challenge and preserving its role of leadership in the international system.

References

- Acharya A., 2003, *Will Asia's Past Be Its Future*, in "International Security", 28, pp. 149-164
- 2004, *How Ideas Spread: Whose Norms Matter? Norms Localization and Institutional Change in Asian Regionalism*, in "International Organizations", 58, pp. 239-275
 - and Acharya A., 2007, *The Myth of the Second Front: Localizing the 'War on Terror' in Southeast Asia*, in "Washington Quarterly", 30, pp. 75-90
- ADB, 2011, *Asia 2050: Realizing the Asian Century*, Singapore, Asian Development Bank
- Alden C., 2007, *China in Africa: Partner, Competitor or Hegemon?*, London, Zed Books
- Alterman J.B. and Garver J.W., 2008, *The Vital Triangle. China, the United States, and the Middle East*, Washington D.C., CSIS Press
- ASEAN, 2013, *Chairman's Statement of the 8th East Asia Summit*, <http://www.asean.org/images/archive/23rdASEANSummit/chairmans%20statement%20-%208th%20east%20asia%20summit%20-%20final.pdf> (accessed February 28, 2014)
- Bader J.A., 2013, *Obama and China's Rise: An Insider's Account of America's Asia Strategy*, Washington D.C., Brookings Institution Press
- Barma N. and Ratner E., 2006, *Chinese Illiberal Challenge*, in "Democracy: A Journal of Ideas", 2, pp. 56-68
- Bates G. and Huang C., 2009, *China's Expanding Role in Peacekeeping. Prospects and Policy Implications*, in "SIPRI Policy Papers", 25, available at <http://books.sipri.org/files/PP/SIPRIPP25.pdf>
- Bergsten C.F., 2007, *China and Economic Integration in East Asia: Implications for the United States*, Washington D.C., Policy Brief in International Economics
- Bevir M., Daddow O., and Hall I., 2012, *Introduction: Interpreting British Foreign Policy*, in "The British Journal of Politics and International Relations", 15, pp. 163-174
- Blasko D.J., 2012, *The Chinese Army Today: Tradition and Transformation for the 21st Century*, London and New York, Routledge
- Bogaturov A., 2004, *Rossiiskii Dal'nii Vostok v novykh geoprostranstvennykh izmereniakh Vostochnoi Evrazii* [Russian Far East in the New Territorial Dimensions of Eastern Eurasia], in "Mirovaia ekonomika i mezhdunarodnye otnosheniia [World Economy and International Relations]", 10, pp. 90-98
- BP, 2013, *BP Statistical Review of Energy June 2013*, http://www.bp.com/content/dam/bp/pdf/statistical-review/statistical_review_of_world_energy_2013.pdf (accessed February 2014)

- Brandt L. and Rawski T.G. (eds), 2008, *China's Great Economic Transformation*, Cambridge, Cambridge University Press
- Bremmer I., 2009, *State Capitalism Comes of Age: The End of the Free Market?*, in "Foreign Affairs", 88, pp. 40-55
- 2010, *The End of the Free Market: Who Wins the War between States and Corporations*, New York, Portfolio
- Brown F.Z., 2010, *Rapprochement between Vietnam and the United States*, in "Contemporary Southeast Asia", 32, pp. 317-342
- Browning C.S., 2008, *Constructivism, Narrative and Foreign Policy Analysis: A Case Study of Finland*, Bern and Oxford, Peter Lang
- Brzezinski Z., 2005, *Make Money, Not War*, in "Foreign Policy", January/February, 146, pp. 46-47
- Buszynski L., 2012, *The South China Sea: Oil, Maritime Claims, and U.S.-China Strategic Rivalry*, in "The Washington Quarterly", 35, pp. 139-156
- Butrin D. and Netreba P., *Predstavlenie okoncheno* [The Show is Over], in *Kommersant*, September 2, 2013 <http://www.kommersant.ru/doc/2269352> (accessed February 28, 2014)
- Buzan B., 2010, *China in International Society: Is "Peaceful Rise" Possible?* in "The Chinese Journal of International Politics", 3, pp. 5-36
- Cáceres S.B. and Ear S., 2012, *The Geopolitics of China's Global Resources Quest*, in "Geopolitics", 17, pp. 47-79
- Callahan W.A., 2008, *Chinese Visions of World Order: Post-hegemonic or a New Hegemony?*, in "International Studies Review", 10, pp. 749-761
- Callahan W.H., 2010, *China: The Pessimist Nation*, Oxford, Oxford University Press
- 2011, *Tianxia, Empire and the World: Chinese Visions of World Order for the Twenty-First Century*, in W.H. Callahan and E. Barabantseva (eds), *Soft Power and Foreign Policy*, Washington D.C., Woodrow Wilson Center Press, pp. 91-117
- Capie D., 2004, *Between a Hegemon and a Hard Place: The "War on Terror" and South-east Asian-US Relations*, in "The Pacific Review", 17, pp. 223-248
- Carlson A., 2006, *More Than Just Saying No: China's Evolving Approach to Sovereignty and Intervention*, in A.I. Johnston and R.S. Ross (eds), *New Directions in the Study of China's Foreign Policy*, Stanford CA, Stanford University Press
- Carlson A., 2011, *Moving Beyond Sovereignty? A Brief Consideration of Recent Changes in China's Approach to International Order and the Emergence of the Tianxia Concept*, in "Journal of Contemporary China", 20, pp. 89-109
- Chan L., Lee P.K., and Chan G., 2012, *China's Vision of Global Governance: A Resurrection of the Central Kingdom?*, in M. Li (ed.), *China Joins Global Governance*, Lanham MD, Lexington Books
- Chan S., 2004, *Exploring Puzzles in Power-Transition Theory: Implications for Sino-American Relations*, in "Security Studies", 13, pp. 103-141

- 2008, *China, the U.S., and the Power-Transition Theory: A Critique*, New York, Routledge
- Chandler D., 2004, *The Responsibility to Protect? Imposing the "Liberal Peace"*, in "International Peacekeeping", 11, pp. 59-81
- Chang G.C., 2010, *Hillary Clinton Changes America's China Policy*, Forbes, July 28, available at <http://www.forbes.com/2010/07/28/china-beijing-asia-hillary-clinton-opinions-columnists-gordon-g-chang.html> (accessed February 12, 2014)
- Chen S., 2008, *Motivations behind China's Foreign Oil Quest*, in "Journal of Chinese Political Science", 13, pp. 79-104
- Chen U., 2007, *Kitaishkaia politologija o mezhdunarodnykh otnosheniakh novogo tipa* [Chinese Political Science on International Relations of a New Type], in "SShA i Kanada: ekonomika, politika, kul'tura [USA and Canada: Economy, Politics, Culture]", 11, pp. 87-104
- Chia S.Y., 2013, *Comment on "Free Trade Agreements and Domestic Politics: The Case of the Trans-Pacific Partnership Agreement"*, in "Asian Economic Policy Review", 8, pp. 350-351
- Chin G. and Stubbs R., 2011, *China, Regional Institution-Building and the China-ASEAN Free Trade Area*, in "Review of International Political Economy", 18, pp. 277-298
- Chinese Ministry of National Defense, 2013, *White Paper on Defense*, Beijing
- Cliff R., Burles M., Chase M.S., Eaton D., and Pollpeter K.L., 2007, *Entering the Dragon's Lair: Chinese Anti-access Strategies and Their Implications for the United States*, Santa Monica CA, RAND Corporation
- Clinton H.R., 2011, *America's Pacific Century*, in "Foreign Policy", 189, pp. 56-63
- Coase R. and Wang N., 2012, *How China Became Capitalist*, Basingstoke, Palgrave Macmillan
- Cohen A.J. and Siu R., 2012, *Sustainable Growth in China: Spotlight on Energy*, <http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/sustainable-growth-china-cohen.pdf> (accessed December 21, 2013)
- Cohen F., 2010, *What Makes Critical Infrastructures Critical?*, in "International Journal of Critical Infrastructure Protection", 3, 53-54
- Cole B.D., 2010, *The Great Wall at Sea, Second Edition: China's Navy In The Twenty-First Century*, Annapolis MD, Naval Institute Press
- Congiu F. and Onnis B., 2013, *The Chinese Model*, in E. Baracani and R. Di Quirico (eds), *Alternatives to Democracy. Non-Democratic Regimes and the Limits to Democracy Diffusion*, Firenze, EPAP, pp. 57-80
- Cooper Ramo J., 2004, *The Beijing Consensus: Notes on the New Physics of Chinese Power*, London, Foreign Policy Centre, available at <http://fpc.org.uk/fsblob/244.pdf>
- Copeland D.C., 2000, *The Origins of Major War*, Ithaca NY, Cornell University Press
- Cordesman A.H., Hess A., and Yarosh N.S., 2013, *Chinese Military Modernization and Force Development: A Western Perspective*, Center for Strategic and International Studies, Washington D.C.

- Corkin L., 2011, *China and Angola. Strategic Partnership or Marriage of Convenience?*, in "Angola Brief", 1, <http://www.cmi.no/publications/file/3938-china-and-angola-strategic-partnership-or-marriage.pdf> (accessed January 25, 2014)
- Cox M.E., 2011, *Power Shift and the Death of the West? Not Yet!*, in "European Political Science Review", 10, pp. 416-424
- Cunningham-Cross L., 2012, *Using the Past to (Re)Write the Future: Yan Xuetong, pre-Qin Thought and China's Rise to Power*, in "China Information", 26, pp. 219-233
- Daiss T., 2012, *China's Strategic Petroleum Reserves Become an Oil Game Changer*, in "Energy Tribune", August 28, <http://www.energytribune.com/11819/chinas-strategic-petroleum-reserves-become-an-oil-game-changer> (accessed December 21, 2013)
- Denmark A.M. and Mulvenon J., 2010, *Contested Commons: The Future of American Power in a Multipolar World*, Washington D.C., Center for a New American Security
- Deptula D.A., Hallion R.P., Cliff R., and Saunders P.C., 2012, *The Chinese Air Force: Evolving Concepts, Roles, and Capabilities*, Washington D.C., Government Printing Office
- Dian M., 2012, *China State Capitalism. Can it Work?*, in "Aspenia", March, pp. 83-91
- 2013, *Japan and the US Pivot to the Asia Pacific*. LSE IDEAS, Strategic Update
 - 2014a, *The Evolution of the US-Japan Alliance. The Eagle and the Chrysanthemum*, Oxford, Chandos Publishing, forthcoming
 - 2014b, *Pivot to Asia, Air-Sea Battle and Contested Commons in the Asia Pacific Region*, in "The Pacific Review", forthcoming
- Dittmer L., 1977, *Political Culture and Political Symbolism. Toward a Theoretical Synthesis*, in "World Politics", 29, pp. 552-582
- Downs E., 2006, *China*, Foreign Policy Studies Energy Security Series, December, Washington, D.C., Brookings Institutions, <http://www.brookings.edu/experts/downse.aspx> (accessed November 10, 2013)
- Drezner D., 2011, *Does Obama Have a Grand Strategy? Why We Need Doctrines in Uncertain Times*, in "Foreign Affairs", 90, pp. 57-69
- EIA (U.S. Energy Information Administration), 2013, *South China Sea*, full report, February 7, http://www.eia.gov/countries/analysisbriefs/South_China_Sea/south_china_sea.pdf (accessed December 7, 2013)
- 2014, *China*, full report, February 4, <http://www.eia.gov/countries/analysisbriefs/China/china.pdf> (accessed February 10, 2014)
- Elman C., 2004, *Extending Offensive Realism: The Louisiana Purchase and America's Rise to Regional Hegemony*, in "American Journal of Political Science", 98, pp. 563-576
- Emmerson D.K., 1998, *Americanizing Asia?*, in "Foreign Affairs", 77, pp. 46-56
- 2012, *Challenging Asia: The US Pivot through Southeast Asia's Eyes*, in "Global Asia", 7, pp. 22-27
- Erickson A., Yang D.D., 2009, *Using the Land to Control the Sea? Chinese Analysts Consider the Antiship Ballistic Missile*, Newport RI, Naval War College Foundation

- Erickson A. and Collins G., 2013, *China Carrier Demo Module Highlights Surging Navy*, in "The National Interest", August 6
- Fairbank J.K. (ed.), 1968, *The Chinese World Order: Traditional China's Foreign Relations*, Cambridge MA, Harvard University Press
- 1973, *The Chinese World Order*, Cambridge MA, Harvard University Press
- Feigenbaum E.A., 2003, *China's Techno-Warriors: National Security and Strategic Competition from the Nuclear to the Information Age*, Stanford CA, Stanford University Press
- Feng H., 2007, *Chinese Strategic Culture and Foreign Policy Decision-Making: Confucianism, Leadership and War*, London and New York, Routledge
- Feng Z., 2009, *Rethinking the "Tribute System": Broadening the Conceptual Horizon of Historical East Asian Politics*, in "Chinese Journal of International Politics", 2, pp. 545-574
- Ferchen M., 2012, *China's Latin American Interests*, in "Carnegie Endowment for International Peace", April 6, <http://carnegieendowment.org/2012/04/06/china-s-latin-american-interests/a7av> (accessed December 8, 2013)
- Fergusson I.F., Cooper W.H., Jurenas R., and Williams B.R., 2013, *The Trans-Pacific Partnership Negotiations and Issues for Congress*, Washington D.C., Congressional Research Service
- Finnemore M. and Sikkink K., 1998, *Norms Dynamics and Political Change*, in "International Organization", 52, pp. 887-917
- Fiori A. and Passeri A., 2014, *Hedging in Search of a New Age of Non-Alignment: Myanmar Between China and the U.S.*, in "The Pacific Review", forthcoming
- Fisher R.D., 2008, *China's Military Modernization: Building for Regional and Global Reach*, Westport CT, Greenwood Publishing
- Flynn G. and Farrell H., 1999, *Piecing Together the Democratic Peace: The CSCE, Norms, and the "Construction" of Security in Post-Cold War Europe*, in "International Organization", 53, pp. 505-535
- Fravel M.T., 2008, *China's Search for Military Power*, in "The Washington Quarterly", pp. 125-141
- 2010, *International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion*, in "International Studies Review", 12, pp. 505-532
- Friedberg A.L., 1993, *Ripe for Rivalry: Prospects for Peace in a Multipolar Asia*, in "International Security", 18, pp. 5-33
- and Ross R.S., 2009, *Here Be Dragons? Is China a Military Threat?*, in "The National Interests", pp. 19-34
- Fukuyama F., 2009, *Riben yao zhimian Zhongguo shiji* (Japan Must Face China's Century Head On), in "Xinhua News", August 20, available at http://www.china.com.cn/international/txt/2009-08/20/content_18368184.htm (accessed May 25, 2013)
- 2011, *US Democracy Has Little to Teach China*, in "The Financial Times", January 17, available at <http://www.ft.com/intl/cms/s/0/cb6af6e8-2272-11e0-b6a2-00144feab49a.html> (accessed January 20, 2011)

- Funabashi Y., 2007, *Power of Ideas: The US is Losing its Edge*, in "Global Asia", 2, pp. 38-42
- Gabuev A., 2014, *Doroga k Dal'nemu* [A Road to the Far East], in "Vlast" [Power], 7 (1062), pp. 9-14.
- Gat A., 2001, *A History of Military Thought: From the Enlightenment to the Cold War*, Oxford, Oxford University Press
- Gershman J., 2002, *Is Southeast Asia the Second Front?*, in "Foreign Affairs", 81, pp. 60-74
- Gilpin R., 1981, *War and Change in World Politics*, Cambridge and New York, Cambridge University Press
- 1988, *The Theory of Hegemonic War*, in "The Journal of Interdisciplinary History" 18, pp. 591-613
- Glaser B.S. and Medeiros E.S., 2007, *The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of "Peaceful Rise"*, in "China Quarterly", 190, pp. 291-310
- Goh E., 2007a, *Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies*, in "International Security", 32, pp. 113-157
- 2007b, *Southeast Asian Perspectives on the China Challenge*, in "Journal of Strategic Studies", 30, pp. 809-832
- Goldman Sachs, 2007, *The N-11: More Than an Acronym*, in "Global Economics Papers", 153, March, available at <http://www.goldmansachs.com/china/ideas/brics/Brics-and-Beyond-Book-pdfs/BRICs-Chapter11.pdf>
- Goldstein A., 1997, *Great Expectations: Interpreting China's Arrival*, in "International Security", 22, pp. 36-73
- 2005, *Rising to the Challenge: China's Grand Strategy and International Security*, Stanford CA, Stanford University Press
 - 2007, *Power Transitions, Institutions, and China's Rise in East Asia: Theoretical Expectations and Evidence*, in "Journal of Strategic Studies", 30, pp. 639-682
- Goldstein J. and Keohane R.O., 1993, *Ideas and Foreign Policy: Beliefs, Institutions and Political Change*, Ithaca NY, Cornell University Press
- Gray C.S., 1981, *National Styles in Strategy: The American Example*, in "International Security", 6, pp. 21-47
- Haacke J., 2011, *The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years*, in "Journal of Current Southeast Asian Affairs", 30, pp. 105-140
- 2012, *Myanmar: Now a Site for Sino-US Geopolitical Competition?*, in "The New Geopolitics of Southeast Asia", LSE IDEAS special reports, SR015, November, pp. 53-60
- Haggard S., 2000, *The Political Economy of the Asian Financial Crisis*, Washington D.C., Peterson Institute
- Halper S., 2010, *The Beijing Consensus. How China's Authoritarian Model Will Dominate the Twenty-First Century*, New York, Basic Books

- Handel M.I., 1996, *Masters of War: Classical Strategic Thought*, London and New York, Routledge, 3rd ed.
- Hanson S., 2008, *China, Africa, and Oil*, in "Backgrounder, Council on Foreign Relations", June 6, <http://www.cfr.org/publication/9557/> (accessed January 21, 2014)
- Hanson V.D., 2010, *Makers of Ancient Strategy: From the Persian Wars to the Fall of Rome*, Princeton NJ, Princeton University Press
- Hatch W., 2010, *Asia's Flying Geese: How Regionalization Shapes Japan*, Ithaca NY, Cornell University Press
- Hess C.A., 2010, *Keeping the Past Alive: The Use of History in China's Foreign Relations*, in S. Breslin (ed.), *Handbook of China's International Relations*, London and New York, Routledge
- Heuser B., 2010, *The Strategy Makers: Thoughts on War and Society from Machiavelli to Clausewitz*, Santa Barbara CA, ABC-CLIO LLC
- Hiep L.H., 2013, *Vietnam's Hedging Strategy against China since Normalization*, in "Contemporary Southeast Asia: A Journal of International and Strategic Affairs", 35, pp. 333-368
- Hill F. and Gaddy C., 2003, *The Siberian Curse: How Communist Planners Left Russia out in the Cold*, Washington D.C., Brookings Institution Press
- Hoang A.T., 2013, *High Hopes and New Realities for the Vietnam-U.S. Relationship*, in "East-West Center Asia-Pacific Bulletin", 225
- Hsu S.P., Wu Y.S., and Zhao S. (eds), 2011, *In Search of China's Development Model: Beyond the Beijing Consensus*, London and New York, Routledge
- Hu Makes 4-point Proposal for Building Harmonious World, in "Xinhua news", September 16, 2005, available at <http://www.china.org.cn/english/features/UN/142408.htm> (accessed May 25, 2013)
- Hu J., 2012, *Full Text of Hu Jintao's Report at 18th Party Congress*, November 18, 2012, available at http://news.xinhuanet.com/english/bilingual/2012-11/18/c_131982275.htm (accessed November 19, 2012)
- Hughes C.W., 2012, *Not Quite the "Great Britain of the Far East": Japan's Security, the US-Japan Alliance and the "War on Terror" in East Asia*, in "Cambridge Review of International Affairs", 20, pp. 325-338
- Hunt M.H., 1996, *The Genesis of the Chinese Communist Foreign Policy*, New York, Columbia University Press
- Ikenberry G.J., 2004, *American Hegemony and East Asian Order*, in "Australian Journal of International Affairs", 58, pp. 353-367
- 2008, *The Rise of China: Power, Institutions, and the Western Order*, in R. Ross and F. Zhu (eds), *China's Ascent: Power, Security, and the Future of International Politics*, Ithaca NY, Cornell University Press, pp. 89-114
- Ivashentsev G., 2013, *"Demand" for Russia and Russia's Interests in Asia Pacific*, <http://valdaiclub.com/asia/64760.html> (accessed February 28, 2014)

- Iwashita A., 2007, *Primakov Redux? Russia and the 'Strategic Triangles' in Asia*, in A. Iwashita (ed.), *Eager Eyes Fixed on Eurasia: Russia and its Eastern Edge*, 16-1, Sapporo, Slavic Research Center, pp. 165-194
- Jackson K., 2004, *Southeast Asia: Off the Radar Screen?*, in "SAISHERE", 2004, pp. 20-23
- Jacques M., 2009, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*, New York, The Penguin Press
- Jakobson L., Holtom P., Knox D., and Peng J., 2011, *China's Energy and Security Relations with Russia: Hopes, Frustrations, and Uncertainties* (SIPRI Policy Paper, 29), Stockholm, Stockholm International Peace Research Institute
- Jisi W., 2011, *China's Search for a Grand Strategy: A Rising Great Power Finds its Way*, in "Foreign Affairs", 90, pp. 68-79
- Johnston A.I., 1995, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Princeton NJ, Princeton University Press
- 2003, *Is China a Status-Quo Power?*, in "International Security", 27, pp. 5-56
 - 2008, *Social States: China in International Institutions, 1980-2000*, Princeton NJ, Princeton University Press
- Kane T.M., 2007, *Ancient China on Postmodern War: Enduring Ideas from the Chinese Strategic Tradition*, London and New York, Routledge
- Kang D., 2012, *East Asia When China Was at the Centre: The Tribute System in Early Modern East Asia*, in M. Beeson and R. Stubbs (eds), *Routledge Handbook of Asian Regionalism*, London and New York, Routledge
- Kang D.C., 2005, *Hierarchy in Asian International Relations: 1300-1900*, in "Asian Security", 1, pp. 53-79
- 2007, *China Rising: Peace, Power, and Order in East Asia*, New York, Columbia University Press
 - 2010, *East Asia before the West: Five Centuries of Trade and Tribute*, New York, Columbia University Press
- Katzenstein L.C., 1997, *Change, Myth and the Reunification of China*, in V.M. Hudson (ed.), *Culture and Foreign Policy*, Boulder CO, Lynne Rienner Publishers, pp. 45-72
- Katzenstein P.J., 1996, *Introduction: Alternative Perspectives on National Security*, in P.J. Katzenstein (ed.), *The Culture of National Security: Norms and Identity in World Politics*, New York, Columbia University Press
- 2012, *China's Rise: Rupture, Return or Recombination?*, in P.J. Katzenstein (ed.), *Sinicization and the Rise of China: Civilizational Processes beyond East and West*, London and New York, Routledge
- Keiser D. and Shin G.W., 2013, *Asia Middle Powers: South Korea and Vietnam*, in J.W. Park, G.W. Shin, and D. Keiser (eds), *Asia's Middle Powers? The Identity and Regional Policy of South Korea and Vietnam*, Stanford CA, Shorenstein Asia-Pacific Research Center, pp. 1-29
- Kennedy A.B., 2011, *China's Petroleum Predicament: Challenges and Opportunities in Beijing's Search for Energy Security*, in J. Golley and L. Song (eds), *Rising China:*

- Kipgen N., 2013, *US-Burma Relations: Change of Politics under the Bush and Obama Administrations*, in "Strategic Analysis", 37, pp. 203-216
- Kirshner J., 2008, *The Consequences of China's Economic Rise for Sino-U.S. Relations: Rivalry, Political Conflict, and (Not) War*, in R.S. Ross and F. Zhu (eds), *China's Ascent: Power, Security, and the Future of International Politics*, Ithaca NY, Cornell University Press, pp. 238-259
- Kissinger H.A., 2006, *Universal Values, Specific Policies: A Conversation with Henry Kissinger*, in "The National Interest", June 22
- 2012, *On China*, New York, Penguin Books
- Kitchen N. (ed.), 2012, *The New Geopolitics of Southeast Asia*, LSE IDEAS special reports, SR011, November
- Klare M., 2008, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*, New York, Metropolitan Books
- Klein B.S., 1988, *Hegemony and Strategic Culture: American Power Projection and Alliance Defence Politics*, in "Review of International Studies", 14, pp. 133-148
- Kong B., 2010, *China's International Petroleum Policy*, Santa Barbara CA, Praeger Security International
- Kugler J. and Lemke D. (eds), 1996, *Parity and War: Evaluations and Extensions of the War Ledger*, Ann Arbor MI, University of Michigan Press
- Kumaraswamy P.R., 1999, *China and the Middle East: The Quest for Influence*, New Delhi, Sage Publications India
- Kurlantzick J., 2006, *China's Charm: Implications of Chinese Soft Power*, in "Policy Brief", 47, available at http://www.carnegieendowment.org/files/PB_47_FINAL.pdf
- 2007, *Charm Offensive: How China's Soft Power Is Transforming the World*, New Haven CT, Yale University Press
- Labs E., 1997, *Beyond Victory: Offensive Realism and the Expansion of War Aims*, in "Security Studies", 6, pp. 1-49
- Lai H.H., 2007, *China's Oil Diplomacy: Is It a Global Security Threat?*, in "Third World Quarterly", 28, pp. 519-537
- 2009, *Security of China's Energy Imports*, in H. Lai (ed.) *Asian Energy Security: The Maritime Dimension*, Basingstoke, Palgrave Macmillan, pp. 49-78
- 2010, *China Builds Bridges to Fuel Its Engine Room*, in "Financial Times", July 4, <http://www.ft.com/intl/cms/s/0/6e350266-879a-11df-9f37-00144feabdc0.html> (accessed November 13, 2013)
- Lampton D.M., 2013, *A New Type of Major-Power Relationship: Seeking a Durable Foundation for U.S.-China Ties*, in "Asia Policy", 16, pp. 1-14
- Lanteigne M., 2008, *China's Maritime Security and the "Malacca Dilemma"*, in "Asian Studies", 4, pp. 143-161

- Larsen K.W., 2013, *Comforting Fictions: The Tribute System, the Westphalian Order, and Sino-Korean Relations*, in "Journal of East Asian Studies", 13, pp. 233-257
- Layne C., 2012, *The Global Power Shift from West to East*, in "The National Interest", 119, pp. 22-34
- Leffler M., 2007, *For the Soul of Mankind, the United States, the Soviet Union, and the Cold War*, New York, Hill and Wang
- Le Mièrre C., 2013, *China's Unarmed Arms Race*, in "Foreign Affairs", July 29, <http://www.foreignaffairs.com/articles/139609/christian-le-miere/chinas-unarmed-arms-race> (accessed February 28, 2014)
- Lewis S.W., 2007, *Chinese NOCs and World Energy Markets: CNPC, Sinopec and CNOOC*, in "The Baker Institute Energy Forum", March, 6, http://www.rice.edu/energy/publications/docs/NOCs/Papers/NOC_CNOOC_Lewis.pdf (accessed February 1, 2014)
- Li P., 1997, *China's Policy on Energy Resources*, in "Xinhua", May 28
- Liang Q. and Xiangsui W., 1999, *Unrestricted Warfare: Assumptions on War and Tactics in the Age of Globalization*, FBIS translation, Beijing, PLA Literature Arts Publishing House
- Lieberthal K. and Herberg M., 2006, *China's Search for Energy Security: Implications for US Policy*, in "NBR Analysis", 17, pp. 5-42
- Limaye S.P., 2013, *Southeast Asia in America's Rebalance to the Asia-Pacific*, in "South-east Asian Affairs", pp. 40-50
- Loewe M., 1999, *The Heritage Left to the Empires*, in M. Loewe and E.I. Shaughnessy (eds), *The Cambridge History of Ancient China. From the Origins of Civilization to 221 B.C.*, Cambridge, Cambridge University Press, pp. 992-995
- Lunyu (*The Analects of Confucius*), available at <http://www.confucius2000.com/confucius/lunyu.htm>
- Luthi L., 2008, *The Sino-Soviet Split: Cold War in the Communist World*, Princeton NJ, Princeton University Press
- Luttwak E.N., 2012, *The Rise of China vs. the Logic of Strategy*, Cambridge MA, Harvard University Press
- Mahbubani K., 2007, *The US Risks Losing Asia*, in "Global Asia", 2, pp. 16-23
- 2009, *The New Asian Hemisphere: The Irresistible Shift in Global Power to the East*, New York, Public Affairs
- Majid M., 2012, *Southeast Asia between China and the United States*, in "The New Geopolitics of Southeast Asia", LSE IDEAS special reports, SR015, November, pp. 21-35
- Markoff J. and Barboza D., 2010, *Academic Paper in China Sets Off Alarms in U.S.*, in "The New York Times", March 21, A11
- Mastanduno M., 2003, *Incomplete Hegemony: The United States and Security Order in Asia*, in M. Alagappa (ed.), *Asian Security Order: Instrumental and Normative Features*, Stanford CA, Stanford University Press, pp. 141-170
- 2009, *System Maker and Privilege Taker*, in "World Politics", 61, pp. 121-154

- Mauzy D.K. and Job B.L., 2007, *U.S. Policy in Southeast Asia. Limited Re-engagement after Years of Benign Neglect*, in "Asian Survey", 47, pp. 622-641
- McDevitt M., 2007, *The 2006 Quadrennial Defense Review and National Security Strategy: Is There an American Strategic Vision for East Asia?*, in "Issues and Insights", 7, pp. 1-3
- Mearsheimer J.J., 2001, *The Tragedy of Great Power Politics*, New York, W.W. Norton
- 2006, *China's Unpeaceful Rise*, in "Current History", 105, pp. 160-162
- Medeiros E.S., 2009, *China's International Behavior: Activism, Opportunism, and Diversification*, Santa Monica CA, Rand Corporation
- Menegazzi S., 2012, *China Reinterprets the Liberal Peace*, Working Paper 1230, Istituto Affari Internazionali, pp. 1-17
- Meng Y. and Zhou Y., 2012, *Haiyang qiangguo dengyu haiyang baquan?* (Is Maritime Power Equal to Maritime Hegemony?), in "Renmin Ribao", November 13, (accessed November 14, 2012)
- Miller J.B., 2012, *It is Time for a "Grand Bargain" between Japan and Russia*, in "Global Asia", 7, pp. 58-63
- Miller R.A., 2010, *Infrastructure War: Chaos Without Carnage?*, in "International Journal of Critical Infrastructure Protection", 3, pp. 101-102
- Ministry of Foreign Affairs of PRC, 2005, *Position Paper on the United Nations Reforms*, June 8, available at <http://www.china.org.cn/english/government/131308.htm>
- Modelski G., 1987, *Long Cycles in World Politics*, Seattle WA, University of Washington Press
- Moore T.G. and Yang D., 2001, *Empowered and Restrained: Chinese Foreign Policy in an Age of Economic Interdependence*, in D.M. Lampton (ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform*, Stanford CA, Stanford University Press, pp. 191-229
- Murray W., Knox M., and Bernstein A. (eds), 1994, *The Making of Strategy: Rulers, States and War*, Cambridge, Cambridge University Press
- N.N., 1997, *Sulla Strategia*, Roma and Napoli, Theoria
- Nadkarni V., 2010, *Strategic Partnerships in Asia: Balancing Without Alliances*, Abington, Routledge
- National Bureau of Statistics of China, www.stats.gov.cn (accessed February 4, 2014)
- National Intelligence Council, 2008, *Global Trend 2025: A Transformed World*, November, available at http://www.dni.gov/files/documents/Newsroom/Reports%20and%20Pubs/2025_Global_Trends_Final_Report.pdf
- Naughton B., 2007, *The Chinese Economy: Transitions and Growth*, Cambridge MA, MIT Press
- Newmyer J., 2010, *The Revolution in Military Affairs with Chinese Characteristics*, in "The Journal of Strategic Studies", 33, pp. 483-504

- Niazi T., 2005, *Gwadar: China's Naval Outpost on the Indian Ocean*, in "China Brief", February 2, <http://www.asianresearch.org/articles/2528.html> (accessed December 21, 2013)
- Nye J.S., 1997, *China's Re-emergence and the Future of the Asia-Pacific*, in "Survival: Global Politics and Strategy", 39, pp. 65-79
- 2004, *The Decline of America's Soft Power*, in "Foreign Affairs", 83, pp. 16-20
- Olsen J.A. and Gray C.S., 2011, *The Practice of Strategy: From Alexander the Great to the Present*, Oxford, Oxford University Press
- OPEC, 2012, *OPEC Share of World Crude Oil Reserves*, http://www.opec.org/opec_web/en/data_graphs/330.htm (accessed January 5, 2014)
- Organski A.F.K. and Kugler J., 1980, *The War Ledger*, Chicago, University of Chicago Press
- O'Rourke R., 2013, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, Congressional Research Service, Report, September 30
- Pang Z., 2009, *China's Non-intervention Question*, in "Global Responsibility to Protect", 2, pp. 237-252
- Panov A., Kazakov O., Kistanov V., Kuzminkov V., Pavliatenko V., Strelzov D., and Chugrov S., 2012, *Sovremennye rossiisko-iaponskie otnosheniia i perspektivy ikh razvitiia* [Contemporary Russo-Japanese Relations and the Prospects of their Development], Moscow, Spezkinga
- Park J.J., 2013, *The Persistence of the US-led Alliances in the Asia-Pacific: An Order Insurance Explanation*, in "International Relations of the Asia-Pacific", 13, pp. 337-368
- Petri P.A., Plummer M.G., and F. Zhai, 2012, *The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment*, East-West Center Working Papers, Economics Series, 119, Honolulu, East-West Center
- Pines Y., 2012, *The Everlasting Empire: The Political Culture of Ancient China and its Imperial Legacy*, Princeton NJ, Princeton University Press
- Popov A., 2013, *Svobodno konvertiruemyi okrug* [Freely Convertible District], in "Expert", 44, pp. 19-23
- Qin Y., 2011a, *Chinese Culture and Its Implication for Foreign Policy-making*, in "China International Studies", pp. 45-73
- 2011b, *On Rules vs. Relations, Drinking Coffee and Tea, and a Chinese Approach to Global Governance*, available at <http://www.theory-talks.org/2011/11/theory-talk-45.html> (Accessed June 23, 2013)
- Quah D., 2011, *The Global Economy's Shifting Centre of Gravity*, in "Global Policy", 2, pp. 3-11
- Radchenko S., 2009, *Two Suns in the Heavens: The Sino-Soviet Struggle for Supremacy. 1962-1967*, Washington D.C., Woodrow Wilson Center Press
- Rapkin D. and Thompson W.R., 2006, *Will Economic Interdependence Encourage China and India's Peaceful Ascent?*, in A.J. Tellis and M. Willis (eds), *Strategic Asia 2006-07: Trade, Interdependence, and Security*, Seattle, National Bureau of Asian Research

- Reus-Smith C., 2009, *Constructivism*, in S. Burchill et al. (eds), *Theories of International Relations*, Basingstoke, Palgrave Macmillan
- Ringmar E., 2012, *Performing International Systems: The Two East-Asian Alternatives to the Westphalian Order*, in "International Organizations", 66, pp. 1-15
- Ross R.S., 2000, *The 1995-96 Taiwan Strait Confrontation: Coercion, Credibility, and the Use of Force*, in "International Security" 25, pp. 87-123
- 2009, *Chinese Security Policy: Structure, Power and Politics*, London and New York, Routledge
- Rossiiskaia gazeta, 2009, *Dogovor o dobrososedstve, druzhbe i sotrudnichestve mezhdu Rossiiskoi Federatsiei i Kitaiskoi Narodnoi Respublikoi* [The Treaty of Good Neighbourliness, Friendship and Cooperation between Russian Federation and People's Republic of China], <http://www.rg.ru/2009/03/20/russia-kitai-dok.html> (accessed February 28, 2014)
- Roubini N., 2005, *US-China Balance of Financial Terror Game. A Prisoners Dilemma Game: Hard Landing MAD or Chinese Pre-emption as the Likely Solution?*, in "Econmonitor", January 25
- Rovner J., 2012, *Changing Military Dynamics in East Asia: Air-Sea Battle and Escalation Risks*, SITC-NWC Policy Brief, January 2
- Rowen H.S., Hancock M.G., and Miller W.F., 2008, *Greater China's Quest for Innovation*, Stanford CA, Shorenstein APARC
- Roy D., 1996, *The "China Threat" Issue: Major Arguments*, in "Asian Survey", 36, pp. 758-770
- 1999, *China's Foreign Relations*, Lanham, Rowman & Littlefield
- Rozman G., 2012, *Invocations of Chinese Traditions in International Relations*, in "Journal of Chinese Political Science", 17, pp. 111-124
- Togo K., and Fergusson J.P., 2006, *Russian Strategic Thought Toward Asia*, Basingstoke, Palgrave Macmillan
- Ruan Z., 2012, *Responsible Protection: Building a Safer World*, in "China International Studies", pp. 19-41
- Russian Federal Customs, *External Trade of Russian Federation*, http://customs.ru/index.php?option=com_content&view=article&id=13858&Itemid=2095 (accessed February 28, 2014)
- Sasae K., *Game Changer. Japan and the Trans Pacific Partnership Agreement*, American Enterprise Institute, March 15, 2013
- Saunders P.C., 2008, *Regional Powers*, in D. Shambaugh and M. Yahuda (eds), *International Relations of Asia*, Lanham MD, Rowman and Littlefield Publishers
- Sawyer R.D. (ed.), 2004, *The Essence of War: Leadership and Strategy from the Chinese Military Classics*, Oxford, Oxford University Press
- Schmalz S. and Ebenau M., 2012, *After Neoliberalism? Brazil, India, and China in the Global Economic Crisis*, in "Globalizations", 9, pp. 487-501

- Schreer B., 2013, *Planning the Unthinkable War: "Air-Sea Battle" and its Implications for Australia*, ASPI Strategy Report, Barton, Australian Strategic Policy Institute
- Scobell A., 2000, *Show of Force: Chinese Soldiers, Statesmen, and the 1995-1996 Taiwan Strait Crisis*, in "Political Science Quarterly", 115, pp. 227-246
- (ed.), 2001, *The Costs of Conflict: The Impact on China of a Future War*, Strategic Studies Institute, available at <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=63>
- Seznec J.F., 2011, *China and the Gulf in 2010: A Political Economic Survey*, in *China and the Persian Gulf: Implications for the United States*, Washington D.C., The Woodrow Wilson International Center for Scholars
- Shambaugh D., 2002, *Modernizing China's Military: Progress, Problems, and Prospects*, Los Angeles, University of California Press
- 2004/05, *China Engages Asia: Reshaping the Regional Order*, in "International Security", 29, pp. 64-99
- (ed.), 2005, *Power Shift: China and Asia's New Dynamics*, Los Angeles, University of California Press
- 2013, *China Goes Global: The Partial Power*, Oxford, Oxford University Press
- Shevtsova L., 2013, *Russia's "Pivot" to China: Is It Real or Fake?* in "Global Asia", 8, pp. 46-51
- Shy J. and Collier T.W., 1986, "Revolutionary Wars", in P. Paret (ed.), *Makers of Modern Strategy: From Machiavelli to the Nuclear Age*, Princeton NJ, Princeton University Press, pp. 815-862
- SIPRI, 2013, *Arms Transfers Database*, <http://portal.sipri.org/publications/pages/transfer/tiv-data> (accessed February 28, 2014)
- Slaughter A.M., 2012, *A Grand Strategy of Network Centrality*, in R. Fontaine and K.M. Lord (eds), *America's Path. Grand Strategy for the Next Administration*, Washington D.C., Center for a New American Security
- Sondhaus L., 2006, *Strategic Culture and Ways of War*, London and New York, Routledge
- Song G. and Yuan W.J., 2012, *China's Free Trade Agreement Strategies*, in "The Washington Quarterly", 35, pp. 107-119
- State Council of PRC, 2011, "Zhongguo heping fazhan" baipishu (White Paper on "China's Peaceful Development"), available at http://news.xinhuanet.com/politics/2011-09/06/c_121982103.htm
- Stevens J., 2012, *Political Scientists Are Lousy Forecasters*, in "The New York Times", June 24, SR6
- Stockholm International Peace Research Institute (SIPRI), 2011, *Armaments, Disarmament and International Security* (Sipri Yearbook), Oxford, Oxford University Press
- Stuart D., 2012, *San Francisco 2.0: Military Aspects of the US Pivot toward Asia*, in "Asian Affairs: An American Review", 39, pp. 202-218

- Subramanian A., 2011, *Eclipse. Living in the Shadow of China's Economic Dominance*, Washington D.C., Peterson Institute for International Economics
- Sumsky V., 2011, *East Asian Summit and Russia: Long-awaited Invitation*, in "Security Index: A Russian Journal on International Security", 17, pp. 63-68
- Kanaev E., and Koldunova E., 2012, *Russia's Interests in the Context of Asia-Pacific Region Security and Development*, Moscow, Prospect
- Sun H., 2012, *The Dragon's Oil Politics in Latin America*, in "The Newsletter", 62, http://www.ias.nl/sites/default/files/IIAS_NL62_30.pdf (accessed January 30, 2014)
- Sun Zi, 1963, *The Art of War*, Oxford, Oxford University Press.
- Suthimanus Y., 2013, *Abe's Risky Decision to Join U.S.-led TPP Negotiations*, in *The United States and Japan in Global Context*, pp. 116-131, available at <http://www.reischauercenter.org/en/wp-content/uploads/2013/08/08012013-yearbook2013.pdf>
- Sutter R.G., 2013, *Chinese Foreign Relations. Power and Policy since the Cold War*, New York, Rowman and Littlefield
- Swaine M.D., 2010a, *Perceptions of an Assertive China*, in "China Leadership Monitor", 32, pp. 1-19
- 2010b, *China's Assertive Behaviour – Part One: On "Core Interests"*, <http://carnegieendowment.org/2010/11/15/china-s-assertive-behavior-part-one-on-core-interests/20tq> (accessed February 28, 2014)
- Swanström N., 2014, *Sino-Russian Relations at the Start of the New Millennium in Central Asia and Beyond*, in "Journal of Contemporary China", 23, pp. 480-497
- Tammen R.L. and Kugler J., 2006, *Power Transition and China-US Conflicts*, in "Chinese Journal of International Politics", 1, pp. 35-55
- Tay S.C., 2004, *Asia and the United States after 9/11: Primacy and Partnership in the Pacific*, in "Fletcher Forum of World Affairs", 28, pp. 113-132
- Tellis A.J., Tanner T., and J. Keough (eds), 2011, *Asia Responds to its Rising Powers: China and India*, Seattle, The National Bureau of Asian Research
- Thayer C.A., 1994, *Sino-Vietnamese Relations: The Interplay of Ideology and National Interest*, in "Asian Survey", 34, pp. 513-528
- 2008, *Vietnam's Defence Policy and its Impact on Foreign Relations*, paper presented at the Sixth Euroviet Conference, Asien-Afrika-Institut, Hamburg, June 6-8
 - 2010, *U.S.-Vietnam Relations: A Scorecard*, in "Asia Pacific Bulletin", 67, available at <http://www.eastwestcenter.org/sites/default/files/private/apb067.pdf>
 - 2011, *China and Southeast Asia: A Shifting Zone of Interaction*, in J. Clad, S. McDonald, and B. Vaughn (eds), *The Borderlands of Southeast Asia: Geopolitics, Terrorism, and Globalization*, Washington D.C., National Defense University Press, pp. 235-261
- Tiejun Y., 2011, *The Western Master and the Bible of War: Clausewitz and His "On War" in China*, in R. Pommerin (ed.), *Clausewitz Goes Global: Carl von Clausewitz in the 21st Century*, Berlin, Carola Haltmann Miles-Verlag, pp. 42-59

- Trenin D., 2006, *Russia's Asia Policy under Vladimir Putin, 2000-5*, in G. Rozman, K. Togo, and J.P. Fergusson (eds), *Russian Strategic Thought toward Asia*, Basingstoke, Palgrave Macmillan
- Tsygankov A.P., 2010, *Russia's Foreign Policy: Change and Continuity in National Identity*, Plymouth, Rowman & Littlefield Publishers
- van Creveld M., 2000, *The Art of War: War and Military Thought*, London, Cassel and Co
- van der Putten F.P., 2013, *Harmony with Diversity: China's Preferred World Order and Weakening Western Influence in the Developing World*, in "Global Policy", 4, pp. 53-62
- van Vranken Hickey D., 1998, *The Taiwan Strait Crisis of 1996: Implications for US Security Policy*, in "Journal of Contemporary China", 19, pp. 405-419
- Vogel E.F., 2011, *Deng Xiaoping and the Transformation of China*, Cambridge MA, Harvard University Press
- Voskressenski A.D., 2007, *The Rise of China and Russo-Chinese Relations in the New Global Politics of Eastern Asia*, in A. Iwashita (ed.), *Eager Eyes Fixed on Eurasia: Russia and its Eastern Edge*, Sapporo, Slavic Research Center, pp. 35-46
- 2010, *Osnovnye vyzovy i riski vostochnoaziatskikh regional'nykh otnoshenii Rossii* [Main Challenges and Risks Russian Regions' Relations with East Asia], in A. Voskressenski (ed.), *Bol'shaia Vostochnaia Aziia: mirovaia politika i regional'nye transformatsii* [Greater Eastern Asia: World Politics and Regional Transformations], Moscow, MGIMO-University
 - 2012, *The Three Structural Stages of Russo-Chinese Cooperation after the Collapse of the USSR and Prospects for the Emergence of a Fourth Stage*, in "Eurasian Review", 5, pp. 1-13
 - and Belokrenitsky V.Ya., 2004, *Vneshniaia politika Rossii na aziatskom napravlenii* [Russia's Foreign Policy Towards Asia], in A. Torkunov (ed.), *Sovremennye mezhdunarodnye otnosheniia i mirovaia politika* [Contemporary International Relations and World Politics], Moscow, Prosveshchenie, pp. 858-884
- Vuving A., 2006, *Strategy and Evolution of Vietnam's China Policy: A Changing Mixture of Pathways*, in "Asian Survey", 46, pp. 805-824
- 2013, *How Experience and Identity Shape Vietnam's Relations with China and the United States*, in J.W. Park, G.W. Shin, and D. Keiser (eds), *Asia's Middle Powers? The Identity and Regional Policy of South Korea and Vietnam*, Stanford, Shorenstein Asia-Pacific Research Center, pp. 53-73
- Waldron A., 1994, *Chinese Strategy from the Fourteenth to the Seventeenth Centuries*, in W. Murray, M. Knox, and A. Bernstein (eds), *The Making of Strategy: Rulers, States and War*, Cambridge, Cambridge University Press, pp. 85-114
- Wan M., 2012, *Introduction: Chinese Traditions in International Relations*, in "Journal of China Political Science", 17, pp. 105-109
- Wang D., 2013, *The Safety of Chinese Citizens Abroad: A Quantitative Interpretation of the "Special Notices for Chinese Citizens Abroad"*, in "Journal of Current Chinese Affairs", 1, pp. 167-198

- Wang F. and Li H., 2005, *Environmental Implications of China's Energy Demands*, in K. Day (ed.), *China's Environment and the Challenge of Sustainable Development*, Armonk NY, M.E. Sharpe, pp. 180-200
- Wang H. and Lu Y.C., 2008, *The Conception of Soft Power and its Policy Implications: A Comparative Study of China and Taiwan*, in "Journal of Contemporary China", 17, pp. 425-447
- Wang J., 2004, *China's Quest for Energy Security*, in "China Brief", October 4, 2014
- Watkins E., 2010, *CNPC Begins Work on Oil, Gas Pipelines in Myanmar*, in "Oil & Gas Journal", April 6, <http://www.ogj.com/articles/2010/06/cnpc-begins-work-on.html> (accessed November 12, 2013)
- Wheaterbee D., 2009, *International Relations in Southeast Asia: The Struggle for Autonomy*, New York, Rowman & Littlefield
- White H., 2010, *The End of American Supremacy*, in "East Asia Forum", September 12, available at <http://www.eastasiaforum.org/2010/09/12/the-end-of-american-supremacy/>
- Wong E., 2013, *Hacking U.S. Secrets, China Pushes for Drones*, in "The New York Times", September 21, A1
- World Bank, 2012, *World Development Indicators 2012, GDP, Atlas Method* [Data file], Washington D.C., The World Bank, <http://data.worldbank.org/indicator/NY.GNP.PCAP.CD> (accessed February 5, 2014)
- World Bank, 2013, *World Development Indicators 2013*, Washington D.C., The World Bank, <http://databank.worldbank.org/data/download/WDI-2013-ebook.pdf>
- Wortzel L.M., 2014, *China's Military Modernization and Cyber Activities*, in "Strategic Studies Quarterly", Spring, pp. 3-22
- Wu G. and Lansdowne H. (eds), 2008, *China Turns to Multilateralism: Foreign Policy and Regional Security*, London and New York, Routledge
- Xiang L., 2012, *China and the 'Pivot'*, in "Survival", 54, pp. 113-128
- Xu Y.C., 2002, *Powering China: Reforming the Electric Power Industry in China*, Aldershot, Ashgate
- 2006, *China's Energy Security*, in "Australian Journal of International Affairs", 60, pp. 265-286
- Yahuda M., 1978, *China's Role in World Affairs*, London, Croom Helm
- 2011, *The International Politics of the Asia-Pacific*, London and New York, Routledge
- Yan X., 2011, *Ancient Chinese Thought, Modern Chinese Power*, Princeton NJ, Princeton University Press
- 2013, *New Values for International Norms*, in "China International Studies", 38, pp. 15-28
- Yang J., 2011, *Wo kan "Zhongguo moshi" [How I see the "China model"]*, in "Yanhuang Chunqiu", January 1, available at <http://www.qikan.com.cn/Article/yhcq/yhcq201101/yhcq20110109.html> (accessed January 20, 2011)

- Yang L.S., 1968, *The Chinese World Order*, in J.K. Fairbank (ed.), *The Chinese World Order: Traditional China's Foreign Relations*, Cambridge MA, Harvard University Press, pp. 20-33
- Yee H. and Storey I. (eds), 2002, *The China Threat: Perceptions, Myths and Reality*, London and New York, Routledge
- Yergin D., 2006, *Ensuring Energy Security*, in "Foreign Affairs", 85, pp. 69-82
- Yoshihara R.T. and Holmes J.R., 2010, *Red Star over the Pacific: China's Rise and the Challenge to U.S. Maritime Strategy*, Annapolis MD, Naval Institute Press
- You're On, in "The Economist", March 30, 2012, available at <http://www.economist.com/blogs/freeexchange/2012/03/china-will-overtake-america-within-decade-want-bet> (accessed May 20, 2012)
- Zhan S., 2013, *Zhongguo de xijin wenti: yanpan yu sikao* [Academically Probing on the Issue of China's "Moving West"], in "Zhongguo Waijiao" [China's Foreign Affairs], 6, pp. 72-79
- Zhang F., 2010, *Rethinking the "Tribute System": Broadening the Conceptual Horizon of Historical East Asian Politics*, in "Chinese Journal of International Politics", 4, pp. 545-574
- Zhang J., 2011, *China's Energy Security: Prospects, Challenges and Opportunities*, The Brookings Institute Center For Northeast Asia Policy Studies. Working Paper, 54, Washington D.C.
- Zhang Y., 2001, *System, Empire and State in Chinese International Relations*, in "Review of International Studies", 27, pp. 43-64
- and Buzan B., 2012, *The Tributary System as International Society in Theory and Practice*, in "The Chinese Journal of International Politics", 5, pp. 3-36
- Zhao L., 2011, *Two Pillars of China's Global Peace Engagement Strategy: UN Peacekeeping and International Peacebuilding*, in "International Peacekeeping", 18, pp. 344-362
- Zhao Q., 2001, *The Shift in Power Distribution and the Change of Major Power Relations*, in "Journal of Strategic Studies", 24, pp. 49-78
- Zhao S., 1999, *China's Periphery Policy and its Asian Neighbors*, in "Security Dialogue", 30, pp. 335-346
- 2011, *Understanding China's Assertive Foreign Policy Behavior During the Global Financial Feltdown*, in "The European Financial Review", December-January, available at http://www.du.edu/korbel/docs/ADM-Zhao_european_financial_review_article.pdf
 - 2013, *China: A Reluctant Global Power in the Search for its Rightful Place*, in V. Nadkarni and N.C. Nooman (eds), *Emerging Powers in a Comparative Perspective: The Political and Economic Rise of the BRIC Countries*, London, Bloomsbury Academic, pp. 101-130
- Zheng B., 2005, *China's "Peaceful Rise" to Great-power Status*, in "Foreign Affairs", 84, pp. 18-24
- 2011, *China's Road to Peaceful Rise: Observations on its Cause, Basis, Connotation and Prospects*, London and New York, Routledge

- Zheng Y., 2010, *Organizing China's Inter-state Relations: From "tianxia" (all-under-heaven) to the Modern International Order*, in Y. Zheng (ed.), *China and International Relations: The Chinese View and the Contribution of Wang Gongwu*, London and New York, Routledge, pp. 293-321
- 2011a, *Tongwang daguo zhi lu: Zhongguo yu shijie zhixu de chongsu* [The Road to Great Power: China and the Reshaping of World Order], Beijing, Dongfang Chubanshe [The East Publishing]
 - 2011b, *Yazhou de anquan kunjin yu Yazhou yu Yazhou jiti anquan tixi tianshe* [Asia's Security Predicaments and Construction of a Collective Security System in Asia], in "Heping yu fazhan" [Peace and Development], 5, pp. 1-5
- Zhirnov D., 2004, *Vneshnepoliticheskoe sotrudnichestvo Rossii i Kitaia v kontekste formirovaniia postbipoliarnoi modeli mezhdunarodnykh otnoshenii* [Russo-Chinese Cooperation in the Context of Forming a New Model of International Relations], in A.D. Voskressenski (ed.), *Severo-Vostochnaia i Tsentral'naia Aziia: dinamika mezhdunarodnykh i mezhhregional'nykh vzaimodeistvii* [Northeast and Central Asia: The Dynamics of International and Inter-regional Interactions], Moscow, ROSSPEN, pp. 240-304
- Zhou E., 1955, *Zai Yafei huiyi quanti huiyi shang de fayan* (Speech at the General Meeting of the Asia-Africa Conference), April 19, available at <http://cpc.people.com.cn/GB/69112/75843/75874/75994/5183816.html> (accessed June 12, 2013)
- Zhou F., 2011, *Equilibrium Analysis of the Tributary System*, in "The Chinese Journal of International Politics", 4, pp. 147-178
- Zhou Y. and Shen J., 2011, *Tianjin Oil Storage Facility in Train*, in "China Daily", March 5, http://europe.chinadaily.com.cn/business/2011-03/05/content_12121641.htm (accessed November 11, 2013)
- Zhu F., 2008, *China's Rise Will Be Peaceful: How Unipolarity Matters*, in R.S. Ross and F. Zhu (eds), *China's Ascent: Power, Security, and the Future of International Politics*, Ithaca NY, Cornell University Press, pp. 238-259
- Zhu L., 2010, *China's Foreign Policy Debates* (EU Institute for Security Studies. Chaillot Papers, 121), Condé-sur-Noireau, EUISS

Notes on Contributors and Editors

Rudi Bogni is Chairman of Northill UMHL, a trustee of the Prince of Liechtenstein Foundation and a director of several companies. He is also a member of the governing council of the Centre for the Study of Financial Innovation and serves on several advisory boards. He is a member of the London Mathematical Society and of the Vereinigung Basler Ökonomen. During his banking career he was CEO, Private Banking at UBS ag and prior to that Treasurer of the Midland Bank plc.

Matteo Dian is Post-doctoral Fellow at Ca' Foscari University in Venice and Adjunct Lecturer at the School of Political Sciences of the University of Bologna. He received his Ph.D. in Political Science from the Italian Institute of Human Sciences in Florence. He has been a visiting student at the Paul H. Nitze School of Advanced International Studies, John's Hopkins University, and a visiting graduate student at the European University Institute and at the London School of Economics and Political Science. He is the author of *The Evolution of the US-Japan Alliance: The Eagle and the Chrysanthemum* (Oxford, Chandos East Asia Series, 2014).

Antonio Fiori teaches International Relations of Asia at the University of Bologna. He has been a visiting fellow at the United International College (Zhuhai, PRC), East-West Center (Honolulu, USA), and Seoul National University (Seoul, Korea). He works in the fields of inter-Korean relations, North Korea's domestic and foreign policy, and China's foreign policy and energy diplomacy. His works have appeared in "The Pacific Review", "Pacific Focus", "African & Asian Studies", "Journal of Civil Society", and many other journals. He has also published a volume titled *L'Asia Orientale. Dal 1945 ai giorni nostri* (Bologna, Il Mulino, 2010).

Giampiero Giacomello is Assistant Professor of International Relations at the University of Bologna. He has held visiting research and teaching positions at several American and European universities. His research interests include strategic theory, cybersecurity, and foreign policy analysis. He has authored and co-edited seven volumes and published several articles in "European Political Science", "International Studies Review", "European Security", "Contemporary Politics", and "International Political Science Review". He is co-editor of the journal "Defense Studies" and reports on Italy for the yearly publication "Freedom of the Net" (Freedom House).

Ekaterina Koldunova is a Deputy Dean at School of Political Affairs and Associate Professor at the Department of Asian and African Studies, Moscow State Institute of International Relations, the MFA of Russia. She has published in Russian and English on regional transformations, new security threats in East Asia, international relations in East Asia, and Russian foreign policy in the Asia Pacific. Her most recent book is *Security in East Asia: New Challenges* (in Russian, Moscow, Navona, 2010).

Silvia Menegazzi is Teaching Assistant in International Relations and PhD Fellow in Political Theory and Political Science at LUISS Guido Carli University, Rome. She holds an MSc in International Politics from SOAS, University of London. She has been Ph.D. visiting scholar at China Foreign Affairs University (Beijing, PRC) and China Scholarship Council Fellow at Renmin University (Beijing, PRC). Her main research interests include international relations theory, China's political and economic development, China's Foreign Policy, and East Asian regionalism.

Barbara Onnis is Assistant Professor of History and International Politics of Asia at the University of Cagliari. Her main research interests focus on international relations of East Asia, the People's Republic of China's foreign policy, and peculiarities of the Chinese political and economic system. Her works have appeared in "Asian Culture and History", "Asia Maior", and "Comparative Civilization Review" among others. She is the author of two volumes: *Shanghai. Da concessione occidentale a metropoli asiatica del terzo millennio* (Milano, Franco Angeli, 2005), and *La Cina nelle relazioni internazionali. Dalle guerre dell'oppio a oggi* (Roma, Carocci, 2011).

Andrea Passeri is Ph.D. candidate in International Relations of East Asia at the University of Cagliari, with a research project centered on contemporary China-Myanmar relations. His first co-authored work was published in "The Pacific Review". His research interests include China's foreign policy, middle powers, energy, and water diplomacy.

Printed for the Fondazione Bruno Kessler in June 2014
by Litografia Alcione (Lavis - Tn)
on GardaPat 13 Kiara

The Chinese Challenge to the Western Order

edited by
Antonio Fiori
Matteo Dian

ISBN 978-88-98989-06-5



9 788898 989065